



**STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED
REPORTS FOR VALUE CREATION, ACCOUNTABILITY AND TRANSPARENCY**

by

NGONI DZASHE CHABUDA

(72225319)

submitted in accordance with the requirements for
the degree of

DOCTOR OF BUSINESS LEADERSHIP

at the

UNIVERSITY OF SOUTH AFRICA

SUPERVISORS: PROFESSOR JAN KRUGER

AND

DR PATRICIA LINDELWA RUDO MAKONI

(June 2019)

DECLARATION

Name: Ngoni Dzashe Chabuda
Student number: 72225319
Degree: Doctor of Business Leadership

Stakeholder instrument to complement the components of integrated reports for value creation,
accountability and transparency

I declare that the above thesis is my own work and that all the sources that I have used or quoted
have been indicated and acknowledged by means of complete references.

Nchabuda (signed electronically)

SIGNATURE

June 2019

DATE

ACKNOWLEDGMENTS

To Prof Jan Kruger, thank you. Your attention to detail, guidance, patience and insights have been the cornerstone of this body of knowledge. To the SBL Ethics committee led by Prof R Ramphal, thank you for taking time to read my methodology and approving my application to continue with the thesis. Without your approval, the completion of the thesis would not have been possible. Professor Breggie van der Poll and Professor F du Toit, thank you for your invaluable input during my findings presentation. Thank you to all the Doctors and Professors who took time to attend the colloquia during my presentations. Your input and patience has been the driving force to completing the thesis.

To Dr Patricia Lindelwa Rudo Makoni, thank you for your positive energy and steadfast commitment to the project. Honestly, the journey would not have been possible without your guidance and wisdom. I am grateful that our paths met at this critical time of the research project, you have been the silver lining I needed. Thank you for your patience and great contribution to success. May you be blessed abundantly in perpetuity.

To Ms Tumi Seopa, thank you for going the extra mile in ensuring that I get all the information pertaining to the studies and organising the colloquia enabling me to get feedback and soldier on with the studies.

To the University of South Africa Graduate School of Business Leadership, the institution with a heart. Always putting its students first. The integrated assistance really motivated me to stand up and be counted. Indeed, this intervention has been my game changer as it fuelled me towards the completion of my studies. To the unsung heroes and heroines, thank you for always being there to listen and give feedback whenever you were called upon. I am in awe of your patience and generosity. You gave me a gift of your *time*.

To my beautiful daughters, Gabrielle and Tanyaradzwa, Christine. Thank you for your unwavering support, your undying love and patience. I love you unconditionally. To my mother, thank you for being there for me. Your prayers and undying support have been unwavering. To my late daddy, I know what this moment means to you. You have been my rock and today I hope you finally sleep in eternal power. To my sister Shaolin, my love for you is infinite.

To Dr Jacqui Baumgardt, thank you for your assistance in editing the thesis. Your insights have been invaluable.

Finally, I look up to the power that is above everything else. The one and only leader whose plan never fails. For your almighty power and influence in which I seek refuge and my path is crafted, thank you Father.

ABSTRACT

The stakeholder instrument (SI) is a conceptual framework developed to complement integrated reports for value creation, transparency and accountability. It is a tool developed specifically for stakeholders to have an understanding of the integrated reports and assist them in making informed decisions. Currently, integrated reports fail to provide meaningful insights into organisations' performance and its strategy focus, thus making it difficult for stakeholders to understand the contents of the integrated reports. The research illuminated pertinent variables synonymous with value creation.

The study involved analysis of data from 42 companies trading on the Johannesburg Stock Exchange and administration of 80 questionnaires on randomly selected respondents. Significant and positive correlations between value creation and the attributes namely integrated reports; corporate governance and financial measures were established.

Contributions: The results of the empirical study provide significant perceptions into the process of stakeholder value creation. The study established the significance of complementing the integrated reports in creating stakeholder value. The study, further, authenticated the stakeholder instrument as a distinct antecedent of value creation. The study further illuminated the attributes that matter to the stakeholders and assist with effective decision-making and value creation.

Keywords: Organisations, stakeholders, Stakeholder Instrument (SI), integrated reports, value creation, management, accountability, transparency, Johannesburg Stock Exchange, corporate governance

KAFUSHANE NGOCWANINGO

Ithuluzi lababambiqhaza wuhlaka olwenzelwe ukweseka nokuthasisela phezu kwemibiko edidiyelwe ukuze kuthuthukiswe ukuhlomula nokubhekelelwa kahle kwababambiqhaza (*value creation*), ukusebenza ngokusobala kanye nokuphendula. Leli yithuluzi elenzelwe ukuqinisekisa ukuthi ababambiqhaza bayayiqonda imibiko edidiyelwe (*integrated reports*) futhi libalekelele ukuthi bathathe izinqumo eziphusile emva kokuhlonyiswa ngalo lonke ulwazi olungaba wusizo kubona. Njengamanje, imibiko edidiyelwe iyahluleka ukuhlinzeka ngolwazi olubonisa ukuqonda okujulile ukusebenza kwezinhlangano kanye namaqhingaswe ezigxile kuwona izinhlangano, futhi-ke lokho kwenza kube nzima kubabambiqhaza ukuqonda ulwazi oluqokethwe yimibiko edidiyelwe. Ucwanningo lwahlonza ama-*variable* afanelekile ahlobene kakhulu nokuhlomula nokubhekelelwa kahle kwababambiqhaza.

Ucwanningo lwabandakanya ukuhlaziywa kwedatha eyaqoqwa ezinkampanini ezingama-42 ezihweba ku-*Johannesburg Stock Exchange* futhi kwakhishwa amaphepha-mibuzo angama-80 anikezwa ababambiqhaza abaqokwa ngaphandle kokulandela indlela ethile ehlelekile (*randomly*), ukuze bawaphendule. Ucwanningo lwaveza ukuba khona kobudlelwano obunohlonze phakathi kokuhlomula nokubhekelelwa kahle kwababambiqhaza kanye nezicibunjalo zenkampani, okusho, imibiko edidiyelwe, ukuphathwa nokulawulwa kahle kwenkampani kanye nezinyathelo eziphathelene nezimali.

Ulwazi olusemqoka olwakhiqizwa wucwanningo: Imiphumela yocwanningo oluphathekayo futhi olusekelwe phezu kwezinto ezibonakalayo (*empirical study*) ihlinzeka ngolwazi olunohlonze oluzolekelela ekuqondeni inqubo yokuhlonyuliswa nokubhekelelwa kahle kwababambiqhaza. Ucwanningo lwabonisa ukubaluleka kokweseka kanye nokuthasisela phezu kwemibiko edidiyelwe enqubweni yokuhlonyuliswa nokubhekelelwa kahle kwababambiqhaza. Ithuluzi lababambiqhaza laqinisekiswa futhi njengethuluzi elicacile eliwusizo olukhulu ekuhlonzweni kobudlelwano obuphathelene nokuhlonyuliswa nokubhekelelwa kahle kwababambiqhaza. Futhi ngaphezu kwalokho ucwanningo lwahlonza izicibunjalo ezibonwa ngababambiqhaza njengezibalulekile futhi ezilekelelayo ekuthathweni kwezinqumo ngobunyoninco kanye nasekuhlonyulisweni nokubhekelelwa kwababambiqhaza ngendlela efanele.

Die belanghebberinstrument is 'n konseptuele raamwerk wat ontwikkel is om geïntegreerde verslae vir waardeskepping, deursigtigheid en aanspreeklikheid te komplementeer. Dit is 'n instrument wat spesifiek ontwikkel is sodat belanghebbers die geïntegreerde verslae kan verstaan en om hulle te help om ingeligte besluite te maak. Tans bied geïntegreerde verslae nie betekenisvolle insig in organisasies se prestasie en hulle strategiefokus nie wat dit dus moeilik maak vir belanghebbers om die inhoud van geïntegreerde verslae te verstaan. Die navorsing identifiseer toepaslike veranderlikes wat sinoniem is met waardeskepping.

Die studie het ontleding behels van die data van 42 maatskappye wat op die Johannesburg Aandelebeurs sake doen en die administrasie van 80 vraelyste aan respondente wat ewekansig geselekteer is. Beduidende en positiewe korrelasies tussen waardeskepping en die attribute, naamlik geïntegreerde verslae, korporatiewe beheer en finansiële maatstawwe, is geskep.

Bydraes: Die resultate van die empiriese studie verskaf beduidende persepsies van die proses van belanghebberwaardeskepping. Die studie het die belang van die geïntegreerde verslae om belanghebberwaarde te skep, daargestel. Die egtheid van die belanghebberinstrument is ook as 'n kennelike antesedent van waardeskepping bewys. Die studie het ook die attribute geïdentifiseer wat vir belanghebbers saak maak en wat help met effektiewe besluitneming en waardeskepping.

ACRONYMS AND ABBREVIATIONS

CA	Circa
CG	Corporate Governance
CPD	Corporate Public Discourse
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
EMEA	Europe, Middle East and Africa
EPS	Earnings per Share
FASB	Financial Accounting Standards Board
FM	Financial Measures
GAAP	Generally Accepted Accounting Principles
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRs/IR	Integrated Financial Reports / Integrated Report
IIRC	International Integrated Reporting Council
IoDSA	Institute of Directors of South Africa
IRCSA	International Reporting Committee of South Africa
IRs	Integrated Reports
IS	Information Systems

IT	Information Technology
JSE	Johannesburg Stock Exchange
NFM	Non-Financial Measures
NFP	Non-Financial Performance
NGO	Non-Governmental Organisation
RBV	Resource Based View
ROI	Return on Investment
RSE	Royal Society of Edinburgh
SAJAR	South African Journal of Accounting Research
SI	Stakeholder Instrument
SPIRIT	Special Purpose Integrated Remote Intelligence Terminal
STATA	Statistics and Data
US	United States
VC	Value Creation

TABLE OF CONTENTS

DECLARATION	i
ACKNOWLEDGMENTS.....	ii
ABSTRACT	iv
ACRONYMS AND ABBREVIATIONS	vii
TABLE OF CONTENTS	ix
List of Figures	xiii
List of Tables	xiv
CHAPTER 1:	1
INTRODUCTION AND BACKGROUND	1
1.1 INTRODUCTION.....	1
1.2 Problem statement	3
1.2.1 Thesis Statement.....	4
1.2.2 Research Aims and Objectives	4
1.2.3 Research Questions.....	5
1.2.4 Hypotheses.....	6
1.3 Motivation FOR THE STUDY	7
1.4 BENEFITS OF THE STUDY	7
1.5 Significance of original contribution	10
1.5.1 Significance of the Research at the Business School	11
1.6 Research output.....	12
1.7 Limitations.....	13
1.8 Demarcation (Delimitations).....	13
1.9 Layout.....	14
CHAPTER 2:	15
THEORETICAL FOUNDATION AND LITERATURE REVIEW	15
2.1 introduction	15
2.2 The objective of Integrated reporting.....	15
2.2.1 Integrated Reporting.....	16
2.2.1.1 Capitals.....	20
2.2.2 Integrated Reporting Challenges	21
2.2.3 Integrated Reporting – South African perspective	22
2.2.4. Overview of the Contents of the framework.....	24
2.2.5 International Integrated Reporting Standards (IFRS)	25
2.2.6 Accounting Principles.....	25
2.3. Stakeholders	26

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

2.3.1. Stakeholder and value creation	28
2.4 Value Creation.....	29
2.4.1 Environmental, Social and Governance risk, strategy and value creation and the role of macro factors	31
2.4.2 Value	38
2.4.3 Value Co-Creation	39
2.4.4 Theories of the organisation and value creation	40
2.4.5 Corporate Reputation as Value Enabler	41
2.5 financial and Non-financial Measures and value creation.....	42
2.6 Corporate Governance.....	46
2.6.1 Corporate governance and value creation	46
2.6.2 Breaches of Business Ethics: South African Environment.....	50
2.6.3 Auditor Independence	51
2.6.4 Accountability and Transparency.....	52
2.7 CHAPTER Summary	54
CHAPTER 3:	56
CONCEPTUAL FRAMEwork AND HYPOTHESIS development	56
3.1 Introduction	56
3.2 value creation and hypothesis	56
3.2.1 Integrated Reports	57
3.2.2 Financial Measure: Scenario Planning and Strategic thinking	62
3.2.3. Financial measure: Risk and reward analysis.....	64
3.2.4 Financial measure: Economic value analysis	65
3.2.5 Non financial measure: Market attractiveness.....	66
3.2.6 Non-financial measure: Customer Focus.....	67
3.2.7 Non financial measure: Human resources.....	67
3.2.8 Non financial measure: Supplier focus	68
3.2.9 Non financial measure: Innovation focus	69
3.2.10 Corporate Governance: Leadership	70
3.3 Ethics.....	72
3.4 CHAPTER Summary	72
CHAPTER 4:	73
RESEARCH METHODOLOGY	73
4.1 Introduction	73
4.2 research paradigm	73
4.3 The aim of the empirical investigation	74
4.4 Methodology.....	74
4.5 Design of the study	75
4.5.1 The population and sample	75
4.5.2 Sampling.....	75

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

4.5.2.1 Probability sampling.....	76
4.5.2.2 Non-probability sampling	76
4.6 Data Collection.....	78
4.6.1 Integrated Reports	78
4.6.1.1 Secondary data: document analysis	78
4.6.2 Questionnaire	79
4.6.3 Measurement of Value Creation.....	79
4.6.4 Pilot Studies in the Development of an Instrument	81
4.7 Data analysis	82
4.7.1 Time Series Models	83
4.8 Hypotheses Testing.....	84
4.9 Ethical Considerations.....	84
4.9.1 Plagiarism.....	85
4.9.2 Falsification of results	85
4.10 Validity and reliability	85
4.11 CHAPTER Summary	86
CHAPTER 5:	87
RESULTS	87
5.1 introduction	87
5.2 Sample DescriptiON	87
5.3 reliability	87
5.4 Demographics	89
5.5 Measures of central tendency and spread for the attributes of components of the instrument.....	92
5.6 DESCRIPTIVE STATISTICS ON each item of the stakeholder instrument (SI)	95
5.6.1 Integrated reports.....	95
5.6.2 Corporate Governance of the Organisation	97
5.6.3 Value Creation.....	99
5.6.4 Financial Measures	102
5.6.5 Non-Financial Measures	104
5.7 chi-square test of INDEPENDENCE TO DETERMINE DIFFERENCES between the observed and expected values across variables.....	107
5.7.1 Principal component analysis (PCA).....	109
5.7.2 Pairwise correlation for the attributes indices	110
5.7.3 Normality tests for indices of attributes	111
5.8 Regression analysis	112
5.8.1 Integrated Reports and Value Creation	113
5.8.2 Corporate Governance and Value Creation.....	113
5.8.3 Financial Measures and Value Creation.....	114
5.8.4 Non-Financial Measures and Value Creation.....	114

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

5.9 CHAPTER SUMMARY	115
CHAPTER 6:	116
CONCLUSIONS and IMPLICATIONS	116
6.1 introduction	116
6.2 BRIEF REVIEW OF THE STUDY	116
6.3 summary of the results	117
6.3.1 Summary of results pertaining to Objective 1	119
6.3.2 Summary of results pertaining to Objective 2	120
6.3.3 Summary of results pertaining to Objective 3	120
6.4 study's contribution to new knowledge	122
6.4.1 Implications on Theory.....	123
6.3.2 Implications on Policy and Practice	123
6.5 Limitations.....	126
6.6 Recommendations for further research	126
7. References	127
appendices	143
appendix A: Questionnaire	143
Appendix B: STAKEHOLDER INSTRUMENT (SI).....	146
Appendix C: ETHICS CLEARANCE LETTER	148
Appendix D: 5 th international CONFERENCE on business AND banking	150
appendix e: Inter4C conference paper	151
appendix f: 5 th international conference on interdisciplinary research methodology and innovation.....	152
Appendix g: DOCUMENTARY DATA ANALYTICS.....	153
appendix h: professional edit	157

LIST OF FIGURES

Figure 1.1: Components of the stakeholder instrument (SI)	8
Figure 2.1: Components of a business environment	18
Figure 2.2 Summary of reactions to integrated reporting.....	24
Figure 2.3 Conceptual framework for value creation	29
Figure 2.4 Conceptualisation of the corporate value creation process	30
Figure 2.5: SI contemporary model	34
Figure 2.6: The Network Model of Organisations - Stakeholder relationships	37
Figure 2.7: Existing theories of the organisation	40
Figure 2.8: The Network Model of Organisations - Stakeholder relationships	53
Figure 3.1: SI presentation: Scenario Planning	63
Figure 3.2: SI presentation: Risk and Rewards Analysis	64
Figure 3.3: SI presentation: Economic Value Analysis	65
Figure 3.4: SI presentation: Market Attractiveness.....	66
Figure 3.5: SI presentation: Customer Focus	67
Figure 3.6: SI presentation: Human Resources.....	68
Figure 3.7: SI presentation: Supplier Focus	69
Figure 3.8: SI presentation: Innovation Focus	70
Figure 3.9: SI presentation: Leadership	70
Figure 3.10: Stakeholder value creation instrument	70
Figure 4.0: Widely used forecasting techniques.....	83
Figure 4.1: Forecasting and managerial decision-making	83
Figure 5.0: Status of stakeholders interviewed... ..	839
Figure 5.1 Sector of the stakeholders	91
Figure 5.2: Average period of service for top management (Documentary analysis)	99
Figure 5.3: Summary of net cash flows from operating activities between 2014 and 2016 (Documentary analysis)	101
Figure 5.4: Summary of profit margins between 2014 and 2016 (Documentary analysis).....	102

LIST OF TABLES

Table 2.1: Overview of Integrated Reporting Framework's principles-based requirements.....	19
Table 2.2: Common Integrated Reporting deficiencies and related principles of systems thinking.....	22
Table 2.3: The essential differences between financial and non-financial measures.....	45
Table 2.4: South African companies fined for breaching business ethics... ..	450
Table 3.1: Stakeholder Instrument Value Dimensions and Value Creating Activities.....	59
Table 3.2 Value creation and destruction for stakeholders	60
Table 4.0: Stakeholder groups	77
Table 4.1: Types of validity encountered during the research	85
Table 5.0: Reliability Analysis Results of the Constructs	88
Table 5.1: Status of the stakeholders	89
Table 5.2 (a & b): Sectors from which stakeholders represented	90
Table 5.3: Sector of the stakeholders, by status	91
Table 5.4: Descriptive statistics for attributes of components of the instrument (n = 80).....	92
Table 5.5: Summary of responses on integrated reports	95
Table 5.6: Summary of responses on Corporate Governance.....	97
Table 5.7: Summary of responses on value creation.....	100
Table 5.8: Summary of responses on financial measures	103
Table 5.9: Summary of responses on non-financial measures.....	105
Table 5.10: Tests of normality based on skewness, kurtosis and joint adjusted chi ² for the attributes of the instrument (n = 80)	107
Table 5.11: Correlation-matrix, KMO, eigenvalue, explained by first component.....	109
Table 5.12: Pairwise correlation for indices representing attributes	110
Table 5.13: Summary of regression results	112

CHAPTER 1:

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

The increased instances of corporate governance disappointments have raised concerns about the integrity of the accounting information given to stakeholders and brought about a drop in stakeholder confidence (Cohen, Dey & Lys, 2008: 757-787). Negash (2009) emphasised that these organisational disasters and accounting scandals form the basis for stakeholders to believe that there is a widespread absence of accountability, transparency and a corrosion in ethics and morals of management in organisations. Furthermore, Grahama, Harveya and Rajgopal (2005: 3-73) state that management feel they are settling on a proper decision while sacrificing economic value to smooth profit or to hit an objective. The strategy of profit manipulation by management can have direct consequences for the stakeholders in both the short and long-term. Sometimes management sacrifice long-term value by avoiding short-term losses. Roychowdhury (2006: 335-370) concurs that there is substantial evidence against management manipulating organisational earnings. Management's modus operandi on income manipulation includes controlling of provisions with no immediate cash flow results, under-provisioning for allowable credit losses and postponing asset write offs. Management receive incentives for controlling real activities amid the year to meet certain income targets.

Therefore, such a discretionary approach to accounting information dissemination by management has inspired the researcher to develop a stakeholder instrument that depicts some of the key attributes stakeholders can use to decipher the integrated reports. The researcher believes that the information given to the stakeholders in its current form lacks in integrity and worthiness, making it impossible for stakeholders to make any meaningful decisions. Thus, management's parsimony with credible, unbiased, consistent and concise information destroys organisation's value and limit its subsequent growth.

According to Chew (2001: 67-68), management is obligated to provide stakeholders with an integrated report, prepared according to the international integrated reporting framework. Despite the stringent standards against which the integrated reports are prepared, the

stakeholders have been victims of rogue accounting and misrepresentation of numbers. The status quo disadvantages stakeholders in understanding the true value of their organisations. This observation is clearly glaring in the monumental collapses of big businesses in recent times and further evidenced in the increases in unethical behaviour perpetuated by management as they enrich themselves at the expense of their stakeholders (Negash, 2009).

Gouws and van der Poll (2004: 101-117) advised that integrated reports prepared by a professional accountant should provide adequate information that may be used for making economic decisions. Furthermore, Degeorge, Patel and Zeckhauser (1999: 1-33) state that the rewards to management, both in terms of employment decisions and compensation benefits, depend both implicitly and explicitly on the earnings achieved on their watch. However, such management have considerable discretion in determining the figures provided in the integrated report for any particular period. Within generally accepted accounting principles (GAAP), management have considerable flexibility in the choice of methods used for estimating costs. The researcher interrogates the causes of the conundrum, through the development of a stakeholder instrument that aims at complementing the current set of integrated reports through identification of variables that influence value creation, accountability and transparency.

Thus, the researcher explored the following variables: corporate governance, financial and non-financial measures that can assist in adding value to the stakeholders and ensuring accountability and transparency from management. According to Windsor (2017: 75-100), value creation is the generation of an excess from business, transaction, investment and relationship. Furthermore, Hillman and Kein (2001: 125-139) concur that effective stakeholder engagement sustainable contribution to the organisation. Compelling stakeholder management relations with essential stakeholders can constitute impalpable, complex resources that may upgrade organisations' capacity to outperform competitors as far as long-term value creation is concerned.

The researcher believes that the current accounting framework and corporate governance systems do not give the stakeholders relevant information regarding the performance of the organisations in which they have interest. The accounting framework stipulates that

stakeholders should take sight of integrated reports after the event. This status quo disadvantages the stakeholders in that the presentation of the integrated reports is just a meaningless exercise with no real benefits to the stakeholders. Whereas, the real stakeholder value creation should include the organisation's ability to sustain itself over the long term, management's efficient and effective planning prowess and sound organisation strategy. The ability of management to motivate employees, organise and control resources to an optimal level epitomises organisational success.

The development of the stakeholder instrument (SI) brings transparency, accountability and value for all stakeholders in the information value chain. The stakeholders can use the instrument as a source of critical information on the performance of the organisation.

1.2 PROBLEM STATEMENT

According to Stent and Dowler (2015: 92-117), a gap exists between integrated reporting requirements and current best practice reporting processes. The gap analysis highlighted the following common deficiencies:

- Inability to consolidate processes and to provide for oversight of these processes
- inability to provide information against industry benchmarks
- Inability to recommend on uncertainties in the forecasts of the organisations' future.

The researcher understands the importance of integrated reports and their relevance in elucidating the value created by the organisation at a given point in time. Therefore, the deficiencies in integrated reporting become an obstacle in understanding the components of the integrated reports. Atkins and Maroun (2015: 197-221) stipulate that the research exploring the views of different stakeholders on the first set of integrated reports has not been done. In fact, the reactions from the stakeholders on the integrated reports are yet to be recorded. Thus, the researcher found inspiration through the interrogation of stakeholders in relation to their views about the integrated reports.

Adler (2002: 148-149) argues that management have plundered organisation assets with stock options, loans, and other forms of compensation. This happens with Auditors' complicity in the

crime by hiding from stakeholders the exposed state of their organisations. Management have caused social chaos by destroying reserves and jobs in shocking inequality as they pursue personal gain. Management being custodians of the integrated reports have been at the centre of bad judgments, poor strategic focus and a derelict environment. It was against this backdrop that the researcher advocated for an instrument that addresses the needs of the stakeholders by providing information that is precise, relevant and succinct.

The researcher understands that stakeholders make critical decisions based on information they read from the integrated reports. As such, the perceived lack of integrity, transparency and accountability of the integrated reports have inspired the study. The SI is a direct response to the information gap that emanates from the integrated reports deficiencies thus running short of meeting stakeholders' expectations. The SI intends to address the critical issues of value creation and restoration of integrity to the integrated reports. Its main purpose is to inform and give meaningful information to the stakeholders by illuminating salient information from the integrated reports.

1.2.1 Thesis Statement

The researcher proposed the addition of a SI to the existing components of the integrated reports. The stakeholder instrument will assist stakeholders in deciphering the integrated reports. This will bring the stakeholders closer to the action and enhance the quality of the decisions they have to make.

1.2.2 Research Aims and Objectives

Low (2000: 252-262) argues that in today's information-based economy, financial results account for a dwindling percentage of organisational performance. The economy is driven by access to new technology, ability to connect with the rest of the world and the quality of labour play an increasingly prominent role, yet the accounting systems tracking organisational and economic performance remain distressingly archaic. Furthermore, Low (2000: 252-262) reiterates that management that continues to report on their past and current financial performance is functioning with distorted goal. By doing so, their view of the organisation is

not, only incomplete but they are also missing any form of advancing vision of the organisation and any prospect to ameliorate the performance.

According to Dawkins and Lewis (2003: 185-193), organisations are judged by the customers on the quality of the product, effective value chain and financial performance. Furthermore, organisations' treatment of employees, involvement in community and ethical and environmental posture are of equal importance.

The SI complements the integrated reports depicting the variables that influence value creation, accountability and transparency. It forms part of the stakeholders' navigation tool in understanding the integrated reports. It empowers stakeholders with relevant, factual, measurable, summarised, forward looking and consistent information. The SI is an improvement to the current reporting system and an advocate for a more robust and honest view on the quality of information and increased levels of transparency and accountability.

The research had the following objectives:

- To determine and develop a framework that provided factual and succinct information on financial and non-financial measures for stakeholders.
- To determine the perceived influence of financial and non-financial measures and how they relate to stakeholder value creation, the concept of transparency and accountability.
- To model the extent of correlation between financial and non-financial measures, as well as their associated influence on stakeholder value creation, accountability and transparency.

1.2.3 Research Questions

Windsor (2017: 75-100) stated that value creation is the generation of excess from trade, other business deal, savings, or affiliation. It involved the effective execution of an organisation's strategic goals through effective management exploits. Value creation embodied both effective communication and shrewd business acumen demonstrated by management. Therefore, the quality of the information should be beyond reproach and that it should be relevant, consistent, concise, meaningful, free from bias, timely and accurate. Furthermore, management must

be insightful in their role of creating a sustainable, profitable and environmentally conscious business.

Thus the overarching research question of the study is:

- Are the integrated reports serving their purpose of value creation, transparency and accountability to its stakeholders?

The sub-questions posed to fulfill the objectives of this study are:

- What framework can be developed to provide factual and succinct information on financial and non-financial measures for stakeholders?
- What is the perceived influence of financial and non-financial measures, and how do they relate to stakeholder value creation, the concept of transparency and accountability?
- What model can portray the extent of correlation between financial and non-financial measures, as well as their associated influence on stakeholder value creation, accountability and transparency?

1.2.4 Hypotheses

The research will test the following hypotheses:

Null hypotheses:

- **H01:** The integrated reports do not provide factual and succinct information on financial and non-financial measures to stakeholders.
- **H02:** Financial and non-financial measures have no influence on stakeholder value creation and the concept of transparency and accountability.
- **H03:** There is an insignificant correlation between financial and non-financial measures, as well as their associated influence on stakeholder value creation, accountability and transparency.

Alternative hypothesis:

- **HA1:** The integrated reports provide factual and succinct information on financial and non-financial measures for stakeholders.
- **HA2:** Financial and non-financial measures have an influence on stakeholder value creation and the concept of transparency and accountability.
- **HA3:** There is a significant correlation between financial and non-financial measures, as well as their associated influence on stakeholder value creation, accountability and transparency.

1.3 MOTIVATION FOR THE STUDY

The SI's purpose was to complement the integrated reports by adding value and bridging the information gap for stakeholders. It illuminated the salient information needed by the stakeholders to understand the organisations in which they have interest. The SI was developed to be the catalyst needed to break down the current bulky, tedious and long integrated reports into short, precise and more meaningful reports.

1.4 BENEFITS OF THE STUDY

Stent and Dowler (2015: 92-117) noted common deficiencies on the lack of integration of reporting processes and their oversight which compromised the ability of organisations to communicate the full range of factors associated with value creation. Such common deficiencies are in conflict with one of the stated aims of the integrated reporting framework (IIRC, 2013: 16). The SI is a framework developed to assist stakeholders in bridging the gap that exists between integrated reporting and best practice reporting processes. The SI summarises the integrated reports into distinct variables namely: corporate governance, financial measures, non-financial measures and value creation. The SI improves the quality of the data used in computing the integrated reports and enhancing communication to stakeholders by providing information that goes beyond the provisions of the conventional integrated reporting standards. This is to mitigate the limitations of the current integrated reporting and further addressing the issues of transparency and accountability.

Stakeholders as the recipients of the integrated reports extract value from the information given and use it to make decisions. Failure of the integrated reports to provide precise, succinct, complete and relevant information is a disservice to the stakeholders. In recent years, the environment under which the integrated reports were prepared was contaminated (Negash 2009). The ethos of good corporate governance and best practice reporting values have been extensively compromised. As articulated by Whittington (1999: 181-188), that the relationship between management and stakeholders should inspire trust and create sustainable value in the long term. Therefore, the researcher's proposal of the stakeholder instrument is to fill the perceived gap that exists between integrated reports and value creation.

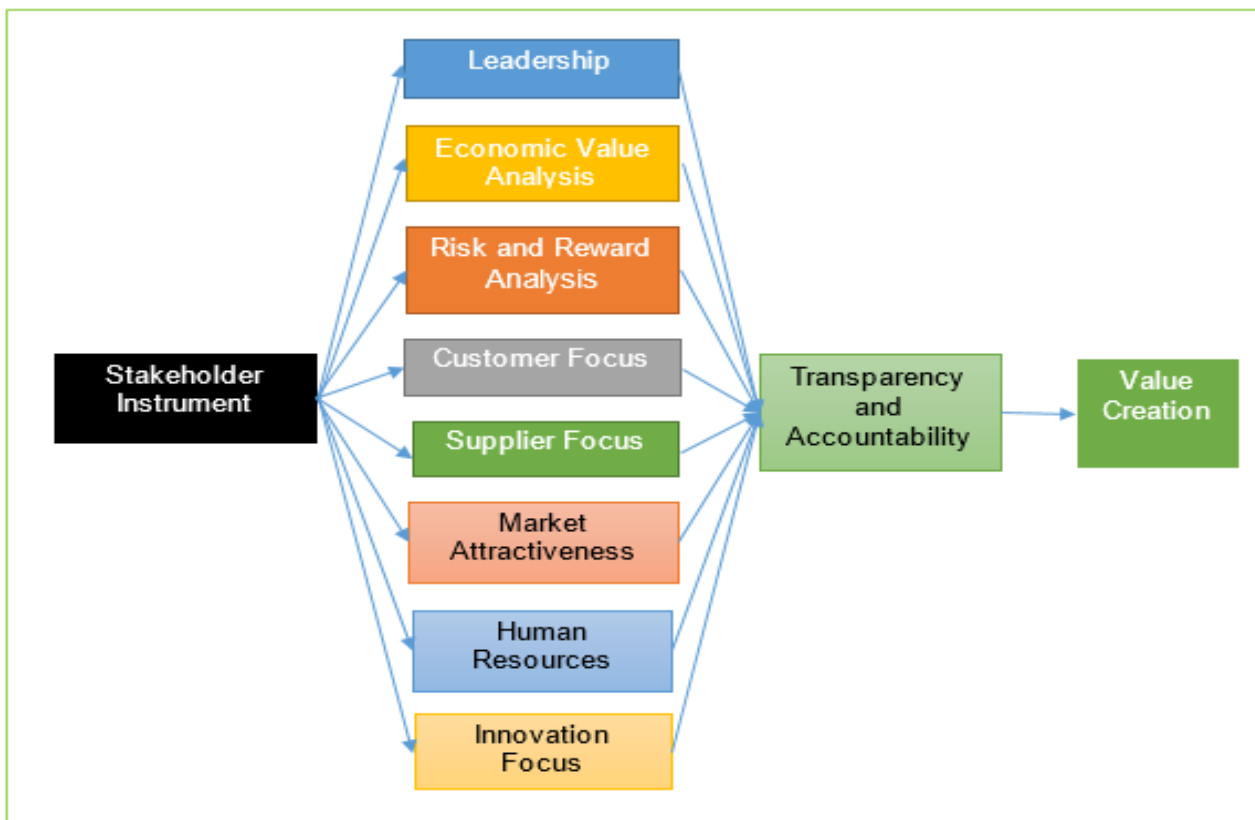


Figure 1.1: Components of the stakeholder instrument (SI)

Source: Author's own conceptualisation

Figure 1.1 above illustrates the conceptualised stakeholder instrument framework. Figure 1.1 depicts the components of the conceptualised stakeholder instrument that empowers the

stakeholders with information that is concise, relevant, transparent and complete. The components constituted in the stakeholder instrument are variables inspired by the international integrated reporting framework. Literature review from academic journals, King III report, books, researcher's experience, magazines and newspapers informed the establishment of the variables. As noted by Skae (2014: 9), integrated reports should highlight the organisation's strategy, performance and activities to enable stakeholders to assess the ability of the organisation to create and sustain value.

The developed SI will provide distinct and relevant measures of performance, non-financial and financial measures. Such measures will enable stakeholders to understand the organisations and the value they create for them. According to Chew (2001: 67-68), the main goal of the financial accounting system was never to provide information for valuation decisions. A financial accounting system is a guide on how to run organisations and protect stakeholders from rogue managers. It is fundamentally a reviewing function and control system. It is not essentially a system for shareholders' valuation of organisations as going concerns.

Furthermore, Pretorius, Venter, Von Well and Wingard (2006: 3) stipulate that the development of accounting standards be a measure of determining any accounting issues. The Integrated reporting system was an endeavour to provide a foundation that sets out the goals and ideas that underlie the preparation and presentation of integrated report.

The stakeholders of integrated reports are as follows:

- Stakeholders and potential stakeholders are keen on their potential benefits and the security of their venture.
- Employees and trade unions need to know whether a business can offer secure work and conceivable pay rises.
- Lenders need to know whether they will be reimbursed. This will rely upon the solvency of the organisation, which ought to be depicted by the statement of financial position.
- Government needs to know how the economy is performing to enable designing of money related and industry regulations.

- Suppliers need to know whether they will be paid. New suppliers may likewise require consolation about the financial strength of a business before consenting to supply products.
- Customers need to realise that an organisation can keep on supplying them into the future. This is particularly valid if the client is reliant on an organisation for specific supplies.
- The public may wish to survey the impact of the organisation on the economy, both local community and environment.
- Management and competitors would likewise utilise the integrated report of a business to make business decisions. Management, on the other hand, would generally use month-to-month management accounts as their fundamental source of financial information.

1.5 SIGNIFICANCE OF ORIGINAL CONTRIBUTION

As alluded by IIRC (2013: 1), the International Integrated Reporting Framework is about improving accountability, transparency and stewardship for the resources controlled by organisations. It encourages integrated thinking, decision making and focuses on creating value over the short, medium and long term. According to PwC (2013 & 2014), South African companies discovered a number of limitations in disclosure tendencies and have acknowledged prospects for improved key performance methods. Furthermore, stakeholders have had mixed views on the integrated reports.

Therefore, it is against this backdrop that the researcher conceptualised the SI to complement the components of integrated reports for value creation, accountability and transparency. The concept of the SI is to the link between integrated reports and value creation. Therefore, the SI is to empower stakeholders through the provision of relevant, complete, and free from bias, precise and meaningful information. The SI will shift the power dynamics towards the stakeholders rather than management.

Furthermore, society as one of the stakeholders with stakes in organisations have an opportunity to understand the activities of their organisations and engage intelligently with them. This implies that when organisations are profitable and creating value, society benefits as well. Other ways society benefits from their interaction with organisations in their communities include:

- Increased employment rate and reduced poverty;
- Investment in schools, universities, hospitals and environment;
- Community beneficiation through Broad Based Black Economic Employment (BBBEE) initiatives;
- Improved standard of living;
- Increased investment opportunities.

Therefore, the SI empowers stakeholders in understanding the business activities of organisations within their jurisdiction.

1.5.1 Significance of the Research at the Business School

This research can be done at any University because it is pertinent and contemporary. However, doing it at the business school was more relevant due to its practicality. The research proposed a more robust way of engaging stakeholders in matters of value creation, transparency and accountability.

Furthermore, this study aimed to advance the eminence of information presented in the integrated reports for stakeholders and to make the reporting structure more meaningful and relevant to stakeholders. The study intended influencing decision-makers to revisit the status quo and make it more beneficial to stakeholders. The stakeholders needed to know if the organisations they are part of, directly or indirectly, are viable and if the information presented in the integrated reports could be trusted. Furthermore, the study wanted stakeholders to ask the right questions and get management to account and take responsibility.

Hillman and Kein (2001: 125-139) stipulate that establishing long-term associations with stakeholders constitute value creation and long-term sustainability. Relations include investments by both parties and consequently incorporate a time dimension; reputation is vital and rational treatment and ethical treatment by both parties improves the value of the relationships.

The SI intended to bring the stakeholders closer to the action by highlighting the key business variables. The instrument can be approved quarterly or bi-annually to enable better monitoring

and scrutiny. In the event that there are critical issues from the stakeholders' perspective, immediate action is considered and preventative measures implemented to avoid any negative impact.

According to Malaj, Ndreca & Llejli (2015: 45) stakeholders will finance and support organisations with efficient accounting and corporate governance systems. Furthermore, Gitman, Juchau & Flanagan (2015: 761) reiterate that stakeholders are prepared to pay more for financial assets such as equity and debt where the law protects their rights. Therefore, stakeholders will pay more because they recognise that with better protection, understanding and knowledge, more of the organisations' profits would come back to them as interest or dividends. The flow of information from management to stakeholders is critical in the process of value creation. Stakeholders should make it their business to understand the environment in which they are involved, the factors driving the markets and the strategic approach implemented by management.

The business school provides a platform to debate, research, explore and interrogate the research question.

1.6 RESEARCH OUTPUT

The researcher believes that the study is relevant and timely. Spitzeck and Hansen (2010: 378-391) noted that organisations that engage with their stakeholders foster organisational learning and silhouettes corporate decisions. Stakeholders can only be impactful where there is credible information, trust, accountability and transparency. Therefore, it is management's responsibility to ensure that the compilation of the integrated reports makes sense and creates value for stakeholders.

The researcher would like to target publishing in the following journals:

- **Safundi: Journal of South African and American Studies**

The researcher would like to reach the right target market to influence debate and advocacy for a change in the way management engages its stakeholders. Strategic management journals are a pertinent platform for sharing new knowledge.

- **SA Journal of Accounting Research**

The object of SAJAR is to promote the wide dissemination of the results of research and other scholarly inquiries into the broad field of accounting. It is an accredited, national academic journal, published annually by the Independent Regulatory Board for Auditors, the South African Institute of Chartered Accountants (SAICA) and the Southern African Accounting Association (SAAA).

- **South African Journal of Business Management**

The researcher proposes a review of the current form of presentation of integrated reports to stakeholders. The SI is aimed at management, stakeholders and academics as a point of discussion on the presentation of integrated reports.

The researcher presented a paper at the 5th international conference on business and banking in Indonesia between 2-3 August 2018 (see Appendix D).

1.7 LIMITATIONS

The study is limited to a sample of companies listed on the Johannesburg Stock Exchange (JSE). It must also be noted that not all variables influencing the stakeholder value creation, accountability and transparency were investigated. Misrepresentation on the questionnaires may have occurred with individuals uncomfortable with disclosing certain personal information.

Despite these limitations, the study yielded useful insights into the relationships among the concepts and therefore made considerable contributions to the body of knowledge.

1.8 DEMARCATION (DELIMITATIONS)

This research focused on companies listed on the JSE making the results more inferable in general. The researcher focused on public companies due to easy access of information. This approach enabled the researcher to have access to a large population.

The researcher focused on stakeholders and their interaction with management concerning the integrated reports for value creation, accountability and transparency.

1.9 LAYOUT

The research report is as follows:

Chapter 1: Introduction and background to the research report.

This chapter explained the purpose of the study. The chapter elaborated on the background of the study.

Chapter 2: Theoretical Foundation and Literature review

The chapter constitutes theoretical foundation of the research and the literature review.

Chapter 3: Justification of the conceptual framework and hypotheses development

The chapter provides a discussion of various constructs leading to the development of the stakeholder instrument and its hypotheses.

Chapter 4: Methodology

The chapter provides details on the mixed-methods research design, sample size, data collection tools, data measuring instruments and data analysis.

Chapter 5: Results

The chapter presents the results from the survey and document analysis.

Chapter 6: Conclusions and Implications

The chapter presents the conclusions and implications of the study. The conclusions are linked to the research objectives.

CHAPTER 2:

THEORETICAL FOUNDATION AND LITERATURE REVIEW

2.1 INTRODUCTION

The chapter represents a theoretical structure of assumptions, principles, and rules that hold together the ideas constituted in the integrated reports. The array of the system of concepts, assumptions, expectations, beliefs, and theories support and inform the research. In accounting, the rules and standards set the function, limits and nature of integrated reporting.

2.2 THE OBJECTIVE OF INTEGRATED REPORTING

According to International Integrated Reporting Council (IIRC) (2013), integrated reporting involves a concise report that articulates an organisation's future value creation plans, with particular emphasis to the organisation's strategy, business model and various forms of capital. Whittington (1999: 181-188) stipulates that it is management's duty to ensure that integrated reports are precisely compiled. However, the agency relationship is marred with information asymmetry whereby management have more information than the shareholders have. Therefore, integrated reports are set to review this awkwardness. The adequacy of the integrated reports relies on stakeholders having the capacity to put trust in management to be truthful. On the other hand, Louw and Maroun (2017: 268-290) state that the accounting information delivered by organisations has been organised as the most imperative, legitimate and telling means whereby action is made noticeable. Like the part of planning and standard costing, formal accounting guidelines give the premise to assessing the integrated position and execution of the reporting entity. In doing as such, they offer a system for assessing these integrated measurements and holding those accused of the organisation's governance responsible.

The final version of the International Integrated Reporting Framework was published in December 2013. On 18 March 2014, the Integrated Reporting Committee of South Africa (IRC) announced its endorsement of the International Integrated Reporting Committee (IIRC) framework. Therefore, the International Integrated Reporting Framework aims at improving

accountability, transparency and stewardship for the resources controlled by organisations, as well as to advance integrated thinking, decision making and focusing on creating value over the short, medium and long term (IIRC 2013: 1).

2.2.1 Integrated Reporting

According to Skae (2014: 8-9), integrated reporting is an evolving concept which, in the South African context, has its origins in the governance principles relating to integrated thinking in King III. After the inception of King III requirements into the JSE listings requirements, listed companies are required to issue an integrated report for financial years commencing on or after 1 March 2010 on a 'apply or explain' basis. Furthermore, IIRC (2013: 7-8) explains that integrated report is a concise communication about an organisation's strategy, governance, performance and prospects.

Integrated reporting is a combination of different levels of reporting including financial, management commentary, governance and remuneration, and sustainability reporting into a summary that depicts an organisation's ability to create and sustain value. The processed data expected to be included in the integrated report should provide a meaningful assessment of the long-term viability of the organisation's business model and strategy.

The International Integrated Reporting Framework explains that integrated thinking considers the relationships that exist between various operating and functional units and the six capitals that the organisation uses. An integrated report is a succinct statement about how an organisation's strategy, governance, performance and prospects, with respect to its peripheral environment, lead to the formation of value over the short, medium and long term. An integrated report is prepared in response to existing compliance requirements (IIRC, 2013: 1).

Melloni, Caglio and Perego (2017: 220-238) posited that the introduction of the Integrated Reporting Framework of 2013 represented an endeavour to link an organisation's financial and sustainability performance in one integrated report. The integrated report should disseminate precise information about how an organisation's strategy, governance, performance and opportunities, in the context of its market and macro environments, lead to creating sustainable value. This implies that the integrated report should paint a true picture of the events that have

taken place in the organisation and including any other projected plans of the organisations. Melloni, *et. al.* (2017: 220-238) found that the early adopters of the integrated report made the report long, illegible and unreal. In some instances where organisations' performance was poor, the integrated report lacked precision and relevance. This created an opportunity for management to manipulate the report and misrepresent the information.

Skae (2014: 9) explains the guiding principles underpinning the preparation and presentation of the integrated report as the following:

- Strategic focus and future orientation: This is the provision of insight into the organisation's strategy, and the optimisation of capitals over time.
- Integrated of information: The report should be representative of the entire organisation and its value chain over time.
- Stakeholder engagement: The report should highlight the nature and quality of the organisation's stakeholder relationships.
- Materiality: The integrated report should disclose information that will diminish the organisation's ability to create value over time.
- Reliability and completeness: The financial information must be free from error and bias and represent what it purports to represent. The user must be able to depend on the accounting information. Everything that is pertinent must be included in the integrated report.
- Consistency and comparability: Conformity from one accounting period to another period and within the same accounting period in respect of policies and procedures. It must also enable the users to identify similarities in and differences between two or more sets of accounting data.

Adams, (2017: 906-931) stipulated that the IIRC encouraged management to take responsibility for integrated reports and to disclose the nature of their oversight of its preparation. This is in line with the logic that management are responsible for organisation's strategy and thus delivering on the strategy is dependent on sound risk governance. Proponents of integrated reporting argue that the multiple capital model of integrated reporting

could further facilitate the integration of sustainability issues into corporate thinking, whilst critics contend that it has not lived up to its promises on sustainability disclosures. Furthermore, there are rebellious voices with regard to attempts to connect sustainability accounting and reporting with increasing value. A desired purpose of sustainability reporting is accountability to key stakeholders rather than only creating value for shareholders.



Figure 2.1: Components of a business environment

Source: International Integrated reporting Council (2015)

In Figure 2.1 above, the board of directors is shown as the custodian of the business strategy and hence responsible for creating sustainable value. Furthermore, Figure 2.1 depicts the interconnectedness and importance of the business components in creating sustainable value (IIRC, 2015). Therefore, the alignment of key components such as stakeholder engagement, governance, risks and opportunities, strategy and resource allocation, performance and

outlook and remuneration is vital. The interdependence of these components is critical to organisational success.

According to de Villiers, Rinaldi and Unerman (2014: 1042-1067), integrated reporting has quickly increased significant conspicuousness subsequent to the development in 2010 of the IIRC. In South Africa, where integrated reporting is a JSE-listings criterion, instructions for integrated reporting were available before the development of the IIRC (Cheng, Green, Conradie, Konishi & Romi, 2014: 90-119).

Table 2.1: Overview of Integrated Reporting Framework's principles-based requirements

Fundamental Concepts	Guiding Principles	Content Elements
1. Capitals	1. Strategic focus and future orientation	1. Organisational overview and external environment
Financial	2. Connectivity of information	2. Governance
Manufactured	3. Stakeholder relationships	3. Business model
Intellectual	4. Materiality	4. Risks and opportunities
Human	5. Conciseness	5. Strategy and resource allocation
Social and relationship	6. Reliability and completeness	6. Performance
Natural	7. Consistency and comparability	7. Outlook
2. Creation of value		8. Basis of presentation

Source: Stent and Dowler (2015: 92-117)

Table 2.1 above depicts the critical elements of the integrated report. The fundamental concepts constitute the capitals organisations have at their disposal. The organisations use the capitals to create sustainable value for the stakeholders. On the other hand, the issue on what is contained in the integrated report and how the information is presented lie in the seven guiding principles. Whereas, the content elements are used by the stakeholders to assess the organisation's ability to create value (Stent & Dowler, 2015; 92-117).

2.2.1.1 Capitals

Capitals form the cornerstone of value creation. The organisation should account on how it links the inputs with opportunities and risks, strategy and performance. Furthermore, the organisation should highlight the long-term business model success of initiatives that encourages efficiency and effectiveness of business activities, such as process improvements, employee training and relationships management. The business outcomes should be detailed and require consideration of the whole value chain rather than that owned or controlled by the organisation (PwC, 2013: 11-12).

- Financial – refers to the pool of funds available to the organisation. Therefore, management should use these funds to create value for stakeholders.
- Manufactured – refers to buildings, equipment, infrastructure, plant, machinery and other tangible assets. Management should exploit these physical assets to create value for the stakeholders.
- Intellectual – refers to the knowledge based on intangibles available to the entity. Examples, patents, copyrights, software, licenses and rights, systems, processes, procedures and protocols, brands, goodwill and technological advances. This also includes the reputation of the organisation as built by management.
- Human - the competencies, capabilities and experience of the management and staff available to the entity. The ability of employees to understand, develop and implement the organisation's strategy.

- Social and relationship - the relationships established within and between institutions, communities, group of stakeholders and other networks which enhance individual and collective wellbeing. This includes relationships with customers, suppliers and partners.
- Natural - the renewable and non-renewable environmental resources that provide goods and services that support the value creation of the entity.

2.2.2 Integrated Reporting Challenges

Du Toit, van Zyl and Schütte (2017) stipulated that stakeholders depend on integrated reports that are of high quality, for effective decision-making. Recent literature depicted weaknesses on integrated reports that exclude items of social, environmental and ethical information. Therefore, it is safe to say that there is confusion, clutter and fragmentation in the integrated reporting domain.

However, Stubbs and Higgins (2014) argue that integrated reporting has not fortified progressions in disclosure systems. Rather, in spite of an absence of fundamental change, the early adopters showed a more adjusted approach with greater engagement between internal stakeholders. The current integrated reporting speaks to a change from sustainability reporting instead of a drastic development encouraging change; and the absence of complete standards may suppress more across the board reception.

The modelling of the integrated reports in 2014 had a long-term focus on impending actions and plans aiming precisely on value creation. This contradicted the original 2010 prominence on stakeholders and accountability for the impact of organisational activities. This shift implies that the target group for the integrated reporting is now fundamentally different from that of sustainability reports. While sustainability reporting was targeted at giving social, environmental and economic information to a variety of stakeholders, integrated reporting now seeks to present information related to expansive risk assessment and prospective future value growth thus alluring to funders and possible stakeholders (Stubbs & Higgins 2014).

Table 2.2: Common Integrated Reporting deficiencies and related principles of systems thinking

Common deficiency	Related principles
The lack of integration in reporting processes as well as oversight of these processes	1. The big picture thinking
The lack of reporting against industry benchmarks	1. The big picture thinking; 3. Soft indicators (refer to table 2.1 above)
The lack of reporting on uncertainties in the entity's future outlook	6. Cause and symptom (refer to table 2.1 above)

Source: Stent and Dowler (2015: 92-117)

Table 2.2 above depicts the common integrated reporting deficiencies. These deficiencies have a direct impact on value creation. The lack of integration in reporting processes contradicts the big picture thinking. The lack of reporting against industry benchmarks short changes stakeholders from understanding the business environment in its entirety. The lack of reporting on uncertainties reflects on managements' inability to comprehend the organisation' challenges (Stent & Dowler, 215: 92-117).

2.2.3 Integrated Reporting – South African perspective

According to Dumay, Bernardi, Guthrie and La Torre (2017: 461 - 480), there are two (2) differing views on the influence of the integrated reports. According to evidence from the South African organisations, the integrated reports provide useful information only to investors as compared to the rest of the stakeholders.

The South African integrated reporting trial has not been an instant triumph. In South Africa, King III also incorporated wider concepts of sustainability. It is mandatory that the leadership of an organisation accept the belief of integrated sustainability performance and reporting (Institute of Directors of Southern Africa (IoDSA), 2009: 11). The King III moral approach, founded in the sustainability perceptions built up in the South African Constitution that powers

commitments upon people and juristic individuals, including business associations, for the affirmation of basic rights. This infers business affiliations should be dependable subjects and they could be responsible for all the data that they scatter to partners (IoDSA, 2009).

Both the Integrated Reporting Committee of South Africa (IRCSA) (2011) and International Integrated Reporting Council (IIRC) (2013) concede that effective integrated reporting will take time as organisations find it challenging adapting to the changes in reporting systems and cultures (King, 2012). In a recent report supported by the ACCA to audit the first sets of integrated reports confirms the challenges being encountered by preparers and that there is room for improvement (Solomon & Maroun, 2012). Likewise, analysis of integrated reporting improvements by leading South African companies have uncovered a number of limitations in disclosure tendencies and have recognised prospects for better amalgamation of key performance methods (PwC, 2013; PwC, 2014).

Atkins and Maroun (2015: 197-199) reiterate that there has been no research exploring the views of various stakeholders on the country's original set of integrated reports. In particular, how the country's main influential stakeholders have responded to the integrated reporting initiative has not yet been dealt with. Given that, influential stakeholders are the principal consumers of integrated reports (IIRC, 2013), with the capacity to influence how organisations are disseminating information to the stakeholders, interrogating their views on these reports is important. In Figure 2.2, the integrated report has had some mixed reviews.



Figure 2.2 Summary of reactions to integrated reporting

Source: Atkins and Maroun (2015: 197-221)

As a result, of the mixed views depicted above, the researcher argues that there is clearly a lack of consensus on the function and purpose of the integrated reports. Although Figure 2.2 represents views of investors, such glaring evidence of discontent by stakeholders is depicted by the study. The view of the integrated reports as bulky and not serving any purpose in delivering quality information can be linked to the study. The researcher posits that with the aid of the SI, the view of the stakeholders will be swayed towards acceptance of the integrated reports.

2.2.4. Overview of the Contents of the framework

As indicated by the IASB (2017), the purpose of integrated reports is to give integrated information about the reporting organisation that is important to present and potential stakeholders, lenders, and creditors in making decisions around providing resources to the entity.

It is consistent to say that the Framework:

- seeks to guarantee that accounting principles have a steady way to deal with critical thinking;
- assists the IASB in the improvement of accounting principles;
- is not a standard, but a manual for the preparers of integrated reports to empower them to determine accounting issues that are not addressed directly in a standard;
- is a fantastically imperative and persuasive document that enables users to comprehend integrated reporting;

2.2.5 International Integrated Reporting Standards (IFRS)

According to Nisbett and Sheikh (2007: 10-12), IFRS are standards based accounting principles underlining the spirit of the accounting rules as opposed to strict adherence to an arrangement of written requirements. Standards based frameworks support innovativeness in integrated reporting which considers control of the outcomes. The effect of the IFRS goes a long way past integrated reporting; it influences many key decisions that organisations must make. IFRS are not just complex; they are continually advancing. Integrated reporting experts confront a continuous challenge to stay informed concerning IFRS requirements.

2.2.6 Accounting Principles

According to Pretorius, Venter, Well and Wingard (2006: 5-8), accounting is founded on the following core principles:

- The business entity concept – implying that the financial affairs of a business be kept entirely separate from the financial affairs of the owner. It further elaborates that a business has a life of its own distinct from that of its owner.
- The going concern concept – meaning that integrated reports are prepared on the assumption that a business will continue operating for the foreseen future.
- The principle of conservatism – is based on the assumption that integrated results are presented in a conservative manner, possibly even in a pessimistic manner.

- The matching principle – stipulates that income and expenses are recorded in the correct period. It further implies that, expenses incurred with the effect of producing income, both income and expense must be against each other in the same set-off integrated reports.
- The cost principle – implies that assets will be valued at historical cost. This means that assets are recorded at original cost.
- The consistency principle – implies that there should be conformity from one accounting period to another period and within the same accounting period in respect of policies and procedures.
- The materiality principle – covers the disclosure of items of importance to the stakeholders.

As alluded by Adams (2017: 906), management utilises the financial information given in integrated reports to make financing, investing, operating and dividend decisions, and to assess the accomplishments of past decisions in expanding the value of the organisation.

2.3. STAKEHOLDERS

According to Donaldson and Preston (1995: 65-91), the definition of stakeholders depends on their legitimate interest in an organisation. Freeman (1984: 46) posits that the meaning of a stakeholder in an organisation involves any group or individual who can influence or be influenced by the achievement of the organisation's objectives. Lozano (2005) and Pfeffer and Salancik (1978) concur that stakeholders such as employees and customers are critical for organisational success. These stakeholders provide the organisation with necessary resources. Post (1989: 28-35) stipulates that organisations that have close relationships with stakeholders have a strategic advantage when it comes to the bad news as well as the good.

Furthermore, organisations that consider their stakeholder needs and interests trust each other. Organisations that listen to stakeholders, consider stakeholder needs and letting their viewpoints inform decisions does not imply giving up their managerial responsibilities. Strategic leadership acknowledges input and evaluates it in establishing the best decision for the

organisation as a whole. Hutt (2012) reiterates the importance placed on understanding relationships with its stakeholders.

Whereas, Spitzeck and Hansen (2010: 378-391) argue that no observed research has evaluated how stakeholder input is taken into account on the corporate level. On the other hand, Post (1989: 28-35) postulates that the survival of an organisation depends on the quality of the people who are in the organisation and the institutional values that these people share. Therefore, the organisation's commitment and communication must take the interests of all stakeholders into consideration.

Steyn, Warren and Jonker (2001: 5) stipulate that the business objective of wealth maximisation is linked to profits and risks undertaken. Furthermore, Bender and Ward (2009: 23) explain that some shareholders keep their shares for many years, while others will do so for a matter of months, days or perhaps hours. Some will be content to wait for the business growth to be reflected in the share price while others may, through the judicious use of derivative contracts, have a vested interest in seeing the share price fall rather than rise.

Brigham and Ehrhardt (2005: 507-509) further assert that managers should evaluate the effects of alternative strategies on their organisations' values. This really means forecasting integrated reports under alternative strategies, finding the present value of each strategy's cash flow stream, and then choosing the strategy that provides the maximum value. Jensen (2005: 8-21) affirms that the principle contender for value creation as the corporate goal is stakeholder theory, which contends that managers should make decisions in order to assess the interests of all stakeholders in an organisation, including creditors, workers, customers, interest groups, and government officials.

The above references attest to the symbiotic relationship that exists between the stakeholders and their organisations of interest. Furthermore, the relationship between stakeholders and management is pivotal in the process of value creation. Therefore, management have a responsibility to act ethically and with integrity towards their stakeholders. In pursuance of value creation, it is imperative that management makes stakeholder satisfaction a priority.

2.3.1. Stakeholder and value creation

Stakeholder management is one of the approaches that links to the concept of value creation for stakeholders. According to Heitel, Kämpf-Dern, Pfnür, (2015: 224-244), stakeholder management is about effective management of stakeholders in ensuring value creation in the long-term. Barnett and Salomon (2012) reiterate that stakeholder management has a positive impact on financial and corporate social performance. Stakeholder management is pivotal in meeting stakeholder needs and satisfaction through the refinement of the organisation's strategy and tactics. Furthermore, Harrison, Bosse and Phillips, (2010: 58-74) stipulate that sustainable value creation is directly linked to an enhancement in the meeting of needs valued by the stakeholders and the quality of stakeholder engagement in contrast to applied resources. Therefore, value creation should be improved by reducing the gap between stakeholder needs and tangible organisation undertakings. Value creation also increases by matching the amount to which stakeholder needs are met with the resources applied.

Heitel *et.al.* (2015: 224-244) posited that organisation management should treat stakeholders fairly. Responding to one group of stakeholders favourably at the expense of the other will not help in value creation. Therefore, management should find a balanced approach in their mandate to fulfil stakeholders' needs and expectations. Value creation is considered sustainable when management take the strategic view, implying that opportunities for future value creation are considered.

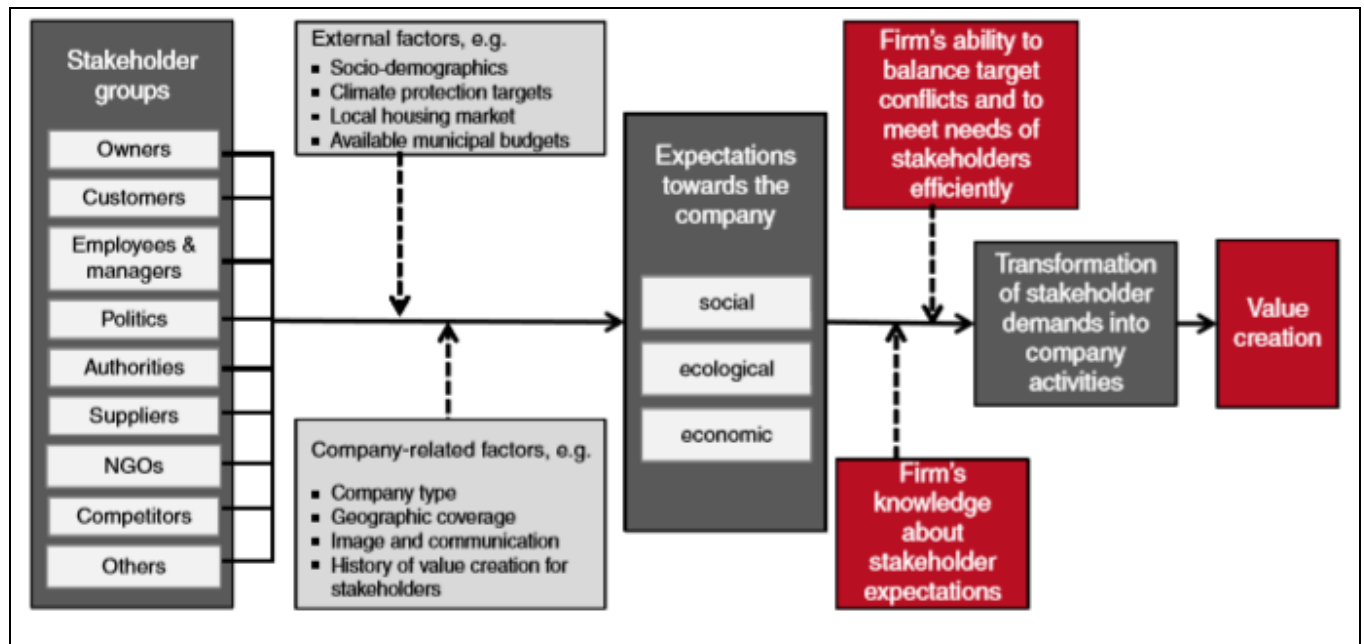


Figure 2.3: Conceptual framework for value creation by integrating stakeholder expectations

Source: Heitel, Kämpf-Dern and Pfnür (2015)

2.4 VALUE CREATION

Windsor (2017: 75-100) explains that value creation means an increase in net benefits. This implies that at least one party would partake in a transaction with the motive of gaining something. The motive must out-weight the challenges of entering in the transaction. Each participant in the transaction benefits and takes them to a better position after the exchange than before the exchange.

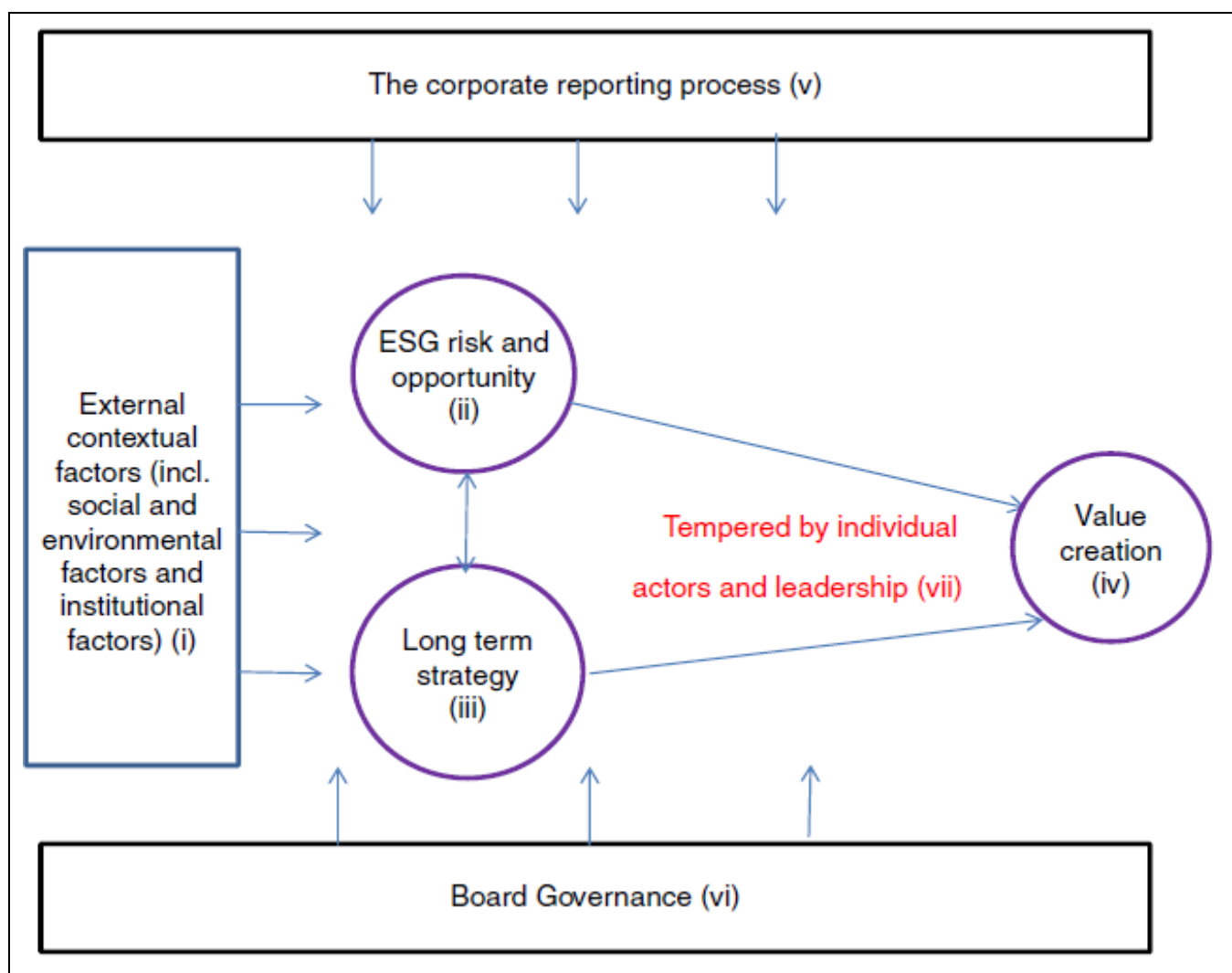


Figure 2.4: Conceptualisation of the corporate value creation process

Source: Adams (2017)

According to Adams (2017: 906-931), Figure 2.3 depicts a value creation process of an organisation. The corporate reporting process influences value creation process. Therefore, factors such as macro factors, board governance, environmental, social and governance (ESG) and long-term strategies have an impact on value creation. Figure 2.3 is an illustration of the value chain with a business environment that is synonymous with value creation. The absence of one factor may have a direct impact on the value created.

2.4.1 Environmental, Social and Governance risk, strategy and value creation and the role of macro factors

In the past decade, organisations have experienced an increase in corporate, social and environmental disasters affecting organisation reputation, relationships with stakeholders and profit. This phenomenon has illuminated that delivering on strategic and long term organisational goals depends on the effective management of ESG risks and opportunities (Windsor, 2017: 75-100).

Furthermore, van der Vegt, Essens, Wahlström, and George (2015: 971-980) postulated that the macro environment will affect both the nature of ESG risks and opportunities and how the risks and opportunities influence value creation. Ioannou and Serafeim (2015: 1053-1081) posited that market analysts have started evaluating organisations with high CSR ratings more positively. CPA Australia, KPMG Australia and GRI Focal Point Australia (2014) reiterate that notwithstanding the consensus on the correlation that exists between ESG risk and opportunity and value creation, organisations are still to include ESG risk into organisation risk reports.

Haksever, Chaganti and Cook (2004: 291-530) stipulate that value includes any type of good, service, or act that fulfils a need or provides an advantage, which may be physical or impalpable, including those that elevate the quality of life, knowledge and income. Therefore, the concept of value creation lies in the substance of the transaction. The intrinsic value that stakeholders get from reading the integrated reports. The satisfaction of a need or provision of a benefit to the stakeholders underpins value creation.

Lepak, Smith and Taylor (2007: 180-194) and Priem (2007: 219-235) assert that value creation is a critical in the area of strategic management. It has received extensive consideration at both the micro and the macro levels. On the other hand, Bowman and Ambrosini (2010: 5479-5495) and Lepak et al. (2007: 180-194) argue that there is no consensus on what value creation is, the means by which it can be achieved, and how it can be embodied. It is not a singularity: it is multi-faceted in need of some enlightenment. It has different meaning to various stakeholders, customers, suppliers, employees and stakeholders.

According to Porter (1985: 38), value is what customers are willing to pay for in exchange for goods or services. In addition, Freeman (1984) and Nasi (1995: 19-32) state that value creation is evaluated as interactive rather than a value-based trade between the organisation and stakeholders. Garriga (2014: 489-507) stipulates that few studies have researched about value creation from a stakeholder perceptive looking at how stakeholders appropriate value or the processes or activities by which stakeholders make value. Consequently, the issue on how organisations can treat stakeholders to create value remains a mystery. Freeman *et al* (2009: 9) postulate that stakeholder theory is about value creation and how to plan and control the organisations effectively. On the other hand, Walsh (2005: 426-438) and Jones and Wicks (1999: 206-222) concur that despite thousands of articles on stakeholder theory, research on the creation of value and trade is recent and relatively limited.

According to Harrison *et al.* (2010: 58-74), stakeholder value should be comprehended in terms of stakeholder wellbeing. Stakeholders would prefer choices or prospects that escalate their wellbeing in the value creation process. Thus, Neville and Menguc (2006: 377-391) state that, while stakeholder theory has conventionally measured organisation's relations with stakeholders regarding independent, dyadic relationships, recent literature has shown that associations exist inside an intricate system of interlinking networks. However, improved theoretical and empirical progress of the relations between stakeholders has been inadequate.

The development of a SI seems appropriate in plugging the gap between integrated reports and stakeholder value creation. SI is a contemporary instrument with the sole purpose of improving communication between stakeholders and management in refining the quality of information both financial and non-financial compiled by management for the stakeholders. Stakeholders have a right to information that is complete, precise and honest. The importance of the information received from management goes a long way in empowering the stakeholders in decision-making. Freeman and McVae (2001: 195) reiterate that as the business world becomes continuously unstable, interrelated and as the borders between organisations, industries and our public and private lives end up plainly obscured, a stakeholder approach has to instruct us about both ethics and value creation.

Freeman, Harrison, Wicks, Parmar and Colle (2010: 28) argue that a stakeholder approach to business is about creating as much value as possible for all stakeholders. On the other hand, Lerro (2011: 3-15) says that most of the academic and managerial debate interprets organisational success, performance improvement and competitiveness prevalently in terms of creation of economic value. However, this vision presents some shortcomings and therefore needs correction and incorporation according to a wider reading of the dimensions shaping the organisational success. In particular, it is widely recognised that the creation of economic value represents a fundamental component for the growth of an organisation, but it is no longer exclusively able to expound the dynamics of organisations' effectiveness.

However, Norman and Ramirez (1993: 65-77) and Vicari (1991) insist that value creation is intrinsically about identifying and using different kinds of resources to create the conditions for an organisational system to survive through gaining competitive advantage and creating sustained superior performance. On the other hand, Lerro (2011: 3-15) argues that the new focus on organisational value creation is highly problematic. In fact, despite the attention paid to organisation competitiveness, many issues remain outstanding when investigating the characteristics of organisational value creation.

Porter (1990) stated that conventionally, it is possible to follow two main perspectives focused on an economic and financial understanding of the organisation, referring essentially to the concept of organisations' attractiveness and the environment able to support the creation and the sustainability of a competitive advantage. Donaldson and Preston (1995: 65-91) and Freeman (1984), consider value creation as the ability of an organisational system to manage its performance in an integrated manner in order to satiate the wants and the wishes of its key-stakeholders through the definition, implementation and control of effective value propositions.

Despite organisations progressively accepting the significance of a stakeholder value-based approach to their organisation, they still fail to identify their key stakeholders and the related wants and needs, their value propositions or the value creation mechanisms and the impact of the value creation dynamics on the different stakeholders.

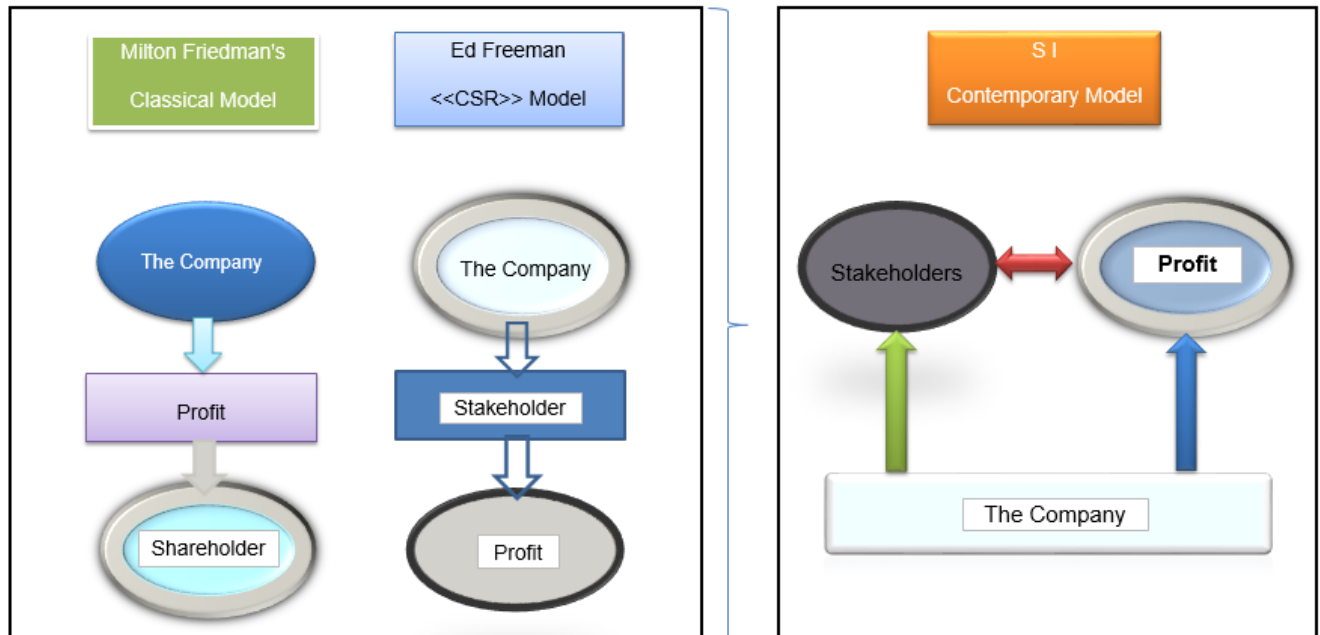


Figure 2.5: SI contemporary model

Source: Friedman (1970); Freeman (1984)

Figure 2.5 depicts that the relationship between an organisation and stakeholders must be as important as the objective of profit maximisation. An organisation that takes care of its stakeholders will be able to meet its profit maximisation objective. A focus by an organisation on creating a conducive environment for all stakeholders is a recipe for success. Focusing on the profit alone is not enough to meet stakeholders' needs. Therefore, the strategic approach of focusing on both stakeholders and profit balances the value creation equation.

According to Windsor (2017: 75-100), value creation is the accumulation of an excess from doing business, other transaction, investment, or relationship. Therefore, value creation constitutes the net benefits. On the other hand, the shareholder point of view is that organisations are primarily instruments of its proprietors and their corporate reason for existing is to amplify long-term shareholder wealth creation.

Shareholders are the owners of an organisation, and they purchase stocks because they want to earn a good return on their investment without undue risk exposure (Brigham & Ehrhardt, 2005: 7). In most cases, shareholders elect directors, who then hire managers to run the

organisation on a day-to-day basis. Neesham and Freeman (2016: 207-229) argue that the organisation should create value, meaning that there is more to business than pursuing shareholder interests. Argandoña (2012) posits that there is more to value than economic value. Therefore, value creation means a business commitment to responsible consumption. As Freeman, (2010: 8) postulates that in the long term, stakeholder interests are inherently connected, and therefore, more focus is be given to the different kinds of value that may be relevant to this nexus of interests.

Therefore, the SI is to be the catalyst of value creation for stakeholders. The SI has the following consolidated attributes: corporate governance, integrated measures, non-integrated measures, value creation and the integrated report. The SI is the road map of value creation for the stakeholders and illuminates the salient information on the organisation's strategic focus, strategic execution, implementation, customer satisfaction, scenario planning, stakeholder engagement, value analysis and cash flow management. The SI further enhances communication between management and stakeholders. Management is obligated to address all the stakeholders' needs. The disclosed information must be free from bias, transparent, concise, honest and accurate.

Harrison and Freeman (1999: 479-485) advocate for more robust ways of measuring stakeholder effects to open research that goes beyond the entrenched dichotomy of economic versus social firm performance. Stakeholder groups have shared objectives, and hence, stakeholder objectives are logically and causally prior to stakeholder effects and measuring objectives. Furthermore, Freeman and McVae (2001: 189-195) state that the background of stakeholder theory emanate from managers being rocked by extraordinary levels of ecological instability and shift. They suggest that, as the business world becomes ever more unstable and interrelated and as the borders between organisations, industries and our public and private lives become uncertain, a stakeholder approach has more and more to tell us about both values and value creation.

Freeman, Harrison and Wicks (2007: 172) believe that the following macro changes make organisations more complex and volatile:

- a) The liberalisation of markets,
- b) The liberalisation of political institutions,
- c) The advent of conservationism and other collective values, and
- d) The innovation of information systems.

According to Freeman *et al.* (2007, 26), the following stakeholders have experienced considerable transformation since the start of the 21st century.

- i. Clients;
- ii. Traders;
- iii. Workers;
- iv. Societies; and
- v. Shareholders.

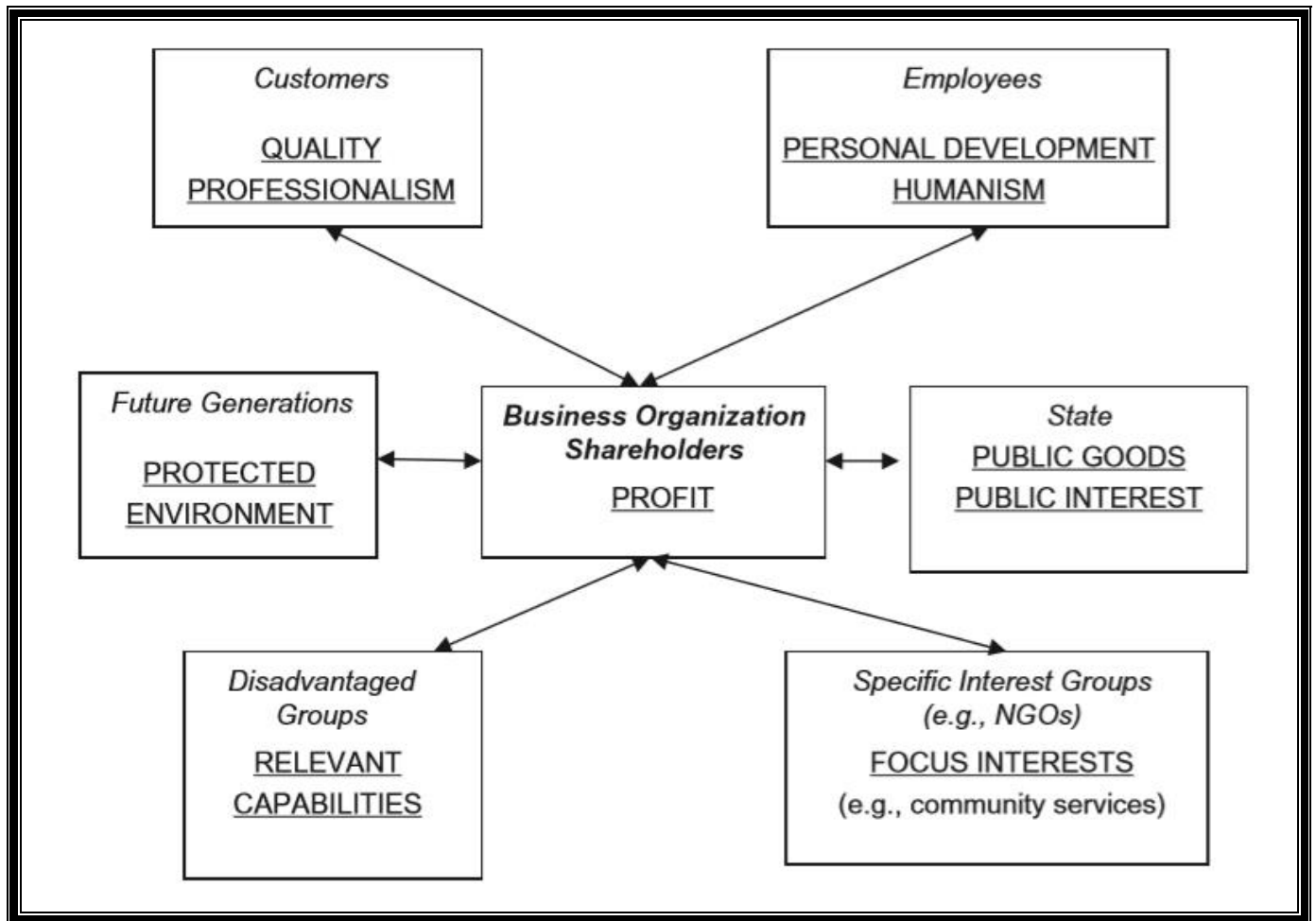


Figure 2.6: The Network Model of Organisations - Stakeholder relationships

Source: Neesham and Freeman (2016)

Figure 2.6 above depicts the stakeholder's interests and their dependency on each other. The figure further shows the network of relations between the stakeholder interests. On the other hand, Figure 2.6 shows that the relationship between the stakeholders goes beyond the confines of any timeframes and occur all the time. Thus, this network model assumes that shareholder value is neither residual nor unlimited, but distributed concurrently with other stakeholder values, and is at the same time limited by other stakeholder interests.

The quality of the relationship epitomises a value creation system. Such a system is characterised by business soft skills in the form of effective communication, provision of strategic goals, market presence, competitive edge and brand reputation. The objective to

make profit should not overshadow stakeholder engagement. Stakeholders and profits are synonymous with value creation. Transparency and accountability are the biggest currencies of value creation.

2.4.2 Value

According to Prahalad and Ramaswamy (2004: 5-14), the importance of value and the procedure of value creation are quickly moving from an item and organisation-driven view to customised buyer encounters. Informed, networked, engaged and dynamic buyers are progressively co-creating value with the organisation. The collaboration between the organisation and the customer is turning into the locus of significant value creation and value extraction. As value shifts to experiences, the market is turning into a forum for discussion and associations between shoppers, buyer groups and organisations. It is this exchange, access, straightforwardness and comprehension of risk benefits that is vital to best practice in value creation.

Furthermore, Moller and Torronen (2003: 109-118) say that the value-producing potential of a supplier can be assessed reasonably well only in the case of the core value, where there is sufficient benchmarking information in the form of existing alternative offerings and solutions. *A priori* evaluation of the costs and benefits of value added and, especially, future value projects are problematic, because the realisation of the value is dependent on the development of multiple partners, technologies and industries.

Bosse, Phillips and Harrison (2009: 447-456), further state that the assumption that integrated managers behave in a boundedly self-interested manner promises fruitful new insights for strategic management. A growing literature spanning multiple disciplines indicates most managers' selfish, value-maximising behaviours are bound by norms of fairness. Rather than being purely self-interested, people behave reciprocally by rewarding others whose actions they deem fair and willingly incurring costs to punish those they deem unfair. Furthermore, Bosse et al. (2009: 447-456) reiterate that economists show that employers who are perceived as paying fair remuneration by their employees generate comparatively more value due to the positive reciprocal behaviour of those employees.

Jensen (2005: 8-21) further states that if value creation is the overarching organisational goal, the process of creating value involves much more than just holding up value maximisation as the hierarchical target. As statement of organisational intention or vision, value maximisation is not probably going to take advantage of the vigor and drive of workers and managers. Thus, in addition to locating value maximisation as the organisational scorecard, top management must deliver a corporate vision, strategy and tactics that will bond all the organisation's communities in its efforts to compete and add value for stakeholders.

2.4.3 Value Co-Creation

With reference to value creation, Grönroos and Voima (2013: 133-150) and Cova, Ezan and Fuschillo (2013: 115-133) defined co-creation as the joint, collaborative, concurrent, parallel procedure of producing novel significance, both substantially and symbolically. Furthermore, Dalli (2014: 643-683) highlights that co-creation is developing as a new thinking permits organisations and customers to generate value through partnership. Since the early 2000s, co-creation has spread swiftly through theoretical essays and empirical analyses, challenging some of the most important pillars of capitalist economies. Similarly, Prahalad and Ramaswamy (2004: 4-9) and Vargo and Lusch (2004: 1-17) concur that value is usually determined before a market exchange takes place. From the co-creation standpoint, suppliers and customers are, conversely, no longer on opposite sides, but co-operate with each other for the development of new business opportunities. The definition of value differs radically from the traditional demand versus supply model.

On the other hand, Vargo and Lusch (2008: 1-10) define co-creation as a supplementary conception that encompasses all the specific theoretical and empirical occurrences in which companies and customers generate value through interaction. Thus, Prahalad and Ramaswamy (2000: 79-90) define co-creation by recognising the varying roles in the market place. Customers and suppliers co-operate and fundamentally collaborate past the price scheme that conventionally intercedes supply-demand relationships. They contemplate consumer and business markets, as well as customers and suppliers' relationships.

Therefore, within the value chain, all stakeholders have a responsibility to contribute towards value creation. Stakeholders are not mere recipients of value but also creators of it.

2.4.4 Theories of the organisation and value creation

Descriptive stakeholder theory focuses on the narrative and enlightenment of organisation features and conduct. It is imperative that to understand how various stakeholders' interests impact organisation decisions. It further interrogates whether particular stakeholders are treated differently from others. The descriptive stakeholder theory questions whether organisations acknowledge the existence of stakeholders (Koll, 2015: 141-252).

On the other hand, normative stakeholder theory reiterates that an organisation should consider the interest of stakeholders due to the mandate it has on society. Normative stakeholder theory questions why organisations should consider the interest of stakeholders (Koll, 2015: 14-252).

Demand for value Supply of value	Predicted/discovered	Created
Extracted/discovered	Bureaucratic theory Team production Transaction cost economics	
Created	Value chain	Behavioral theory Entrepreneurial ToFs Austrian economics

Figure 2.7: Existing theories of the organisation

Source: Kraaijenbrink, Spender and Groen (2010)

As depicted in Figure 2.7 the bureaucratic theory undertakes that value needs to be discovered from the people and assets within the organisation and that the demand for value can be estimated in contrast to an Austrian economic view which undertakes that both the supply and

the demand side of value are made. According to Connell (2007: 300-312), the Austrian economic view on the organisation postulates that the value of resources is determined through their subjective attributes, implying that value is a subjective attribute.

Value creation is an obligation undertaken by organisations for sustainability. An organisation that fails to create value would have failed to add value to stakeholders and the remainder of the value. Thus, the organisation would find it difficult to justify its existence. This view is supported by Kraaijenbrink, Spender and Groen (2010: 349-372), who depicted that stakeholders recognise value differently and thus that integrated reports may have different value to different stakeholders. Kraaijenbrink et al. (2010: 349-372) continued to reiterate that value creation is a purposeful action aimed at specific stakeholders. Therefore, value creation is dependent upon how both management and other stakeholders perceive value.

2.4.5 Corporate Reputation as Value Enabler

According to Puncheva-Michelotti and Michelotti (2010: 249-273), corporate reputation influences the relationship between different stakeholders, such as employees, consumers and members of the community, and the firm itself. During economic turmoil, organisations with better reputations have greater access to highly skilled employees. Thus, corporate reputation is an intangible asset of the business. Therefore, organisations should manage their reputations in ways that contribute to their ability to attract customers, employees, stakeholders and the support of local communities.

Jagersma (2009: 339-344) avers that the secret is to choose and build a corporate reputation that is distinctive, value creating, leverageable, and embedded in a sustainable stakeholder management approach. Caruana (1997: 109-118) comments that an organisation with a good overall reputation owns a valuable asset. Furthermore, Roberts and Dowling (2002: 1077-1093) reiterate that corporate reputation is a critical resource because of its ability for value creation and because its intangible character makes it difficult for competitors to copy.

According to Harkness (1998: 264-267), honest disclosure is essential in public reporting, but it also carries a degree of risk. When a socially responsible organisation falls short of its goals,

it must say so. The only way to satisfy the demands of stakeholders is to be scrupulously honest, because this is the only way an organisation can hope to live up to its ideals.

While research has considered the importance of stakeholders involved in corporate decision-making (Bird, 2001; Sutton, 1993; Turnbull, 1994; White, 2006; 2009), apart from anecdotal evidence, Lewis (2000), and Mirvis and Googins (2006) profess that no empirical investigation has evaluated how stakeholders' input is considered at the corporate level. Thus, the critical issues about stakeholder governance mechanisms are on stakeholders' influence on organisational decision-making and help aligning the worldviews of those inside and outside the organisation. Thus, the motivation of developing a SI emanates from such observations.

In addition, Spitzeck and Hansen (2010: 378-391) state that there are two important dimensions of stakeholder governance, namely, power and scope. Power refers to the level of influence stakeholders have in corporate decision-making. The two extreme poles of power in corporate decision making are:

- Non-participation in which stakeholders do not have any voice in decisions and
- Stakeholder power in which stakeholders possess the power to decide.

Scope refers to the breadth of power in corporate decision-making and usually extends from deciding on isolated local issues to decisions affecting the general business model of the organisation. The researcher posits that the stakeholder power to decide and influence decision-making sits at the centre of value creation. The ability to shape the future of the organisation through consistent engagement with management relays the fundamental aspect of transparency and value creation. A transparent and accountable environment is a recipe for success.

2.5 FINANCIAL AND NON-FINANCIAL MEASURES AND VALUE CREATION

Stivers, Covin, Hall and Smalt (1998: 44-49) stipulate that monitoring the organisation's performance means more than just looking at financial data. Organisations are using non-financial measures as litmus to financial performance. Furthermore, Anderson (1999: 9-19)

reiterates that organisations' reliance on financial measures alone is a limiting factor in value creation. The focus on past performance intervals tends to encourage short-term planning.

On the other hand, Kaplan and Norton (1992: 71-79) argue that the conventional models of performance management emphasise on maximising the wealth of shareholders and suggest that conventional accounting-based performance measures are inappropriate in today's volatile economic and intricate competitive environment. For this reason, they also argue that the discontentment with conventional forms of accounting and management information has led to non-financial performance (NFP) receiving a lot of attention in management accounting literature.

Non-financial performance measures are subjective in nature but in time can be quantitative. Moreover, Kaplan and Norton (1992: 71-79) found several non-financial factors that contribute to financial performance; namely, happy employees increase customer satisfaction and lead to favourable returns on capital. Schiff and Hoffman (1996: 134-151) and Ittner et al. (2003) assert that there is proof suggesting that management fail to recognise non-financial performance measures when evaluating business units. Therefore, such behaviours can undermine organisational strategic priorities. Kaplan and Norton (1996: 75-85) reiterate that if non-financial measures are continuously ignored then management's decisions are likely to create value in the short-term at the expense of stakeholder long-term value creation.

Accordingly, DeBusk, Killough and Brown (2015: 61-89) explain that proponents of management accounting information have been critical of organisations whose performance measurement system is dominated by conventional financial measures. Thus, Ittner and Larcker (1998: 205-238) reiterate that traditional financial measures are often characterised as being backward looking. In 1994, the American Institute of Certified Public Accountants encouraged organisations to report more on forward-looking information and non-financial measures for key business processes. The American Accounting Association Integrated Accounting Standards Committee (2002: 353-362) urged the FASB to encourage the reporting of non-financial measures in order to bring credence to external reporting.

Stivers, Covin, Hall and Smalt (1998: 44-49) stipulate that the balance scorecard approach is designed to equalise the financial measures with non-financial measures. The approach aligns objectives and performance measurement with the vision and strategy of the organisation, thus tying measurement to both the long-term and short-term goals of the organisation.

According to Norton, Contrada and LoFrumento (1997), the balanced scorecard perspective on the customer measures such things as short lead-time, on-time delivery, innovative products, or the importance of a close relationship with their supplier. The internal perspective measures cycle time and productivity and tries to identify new processes that are important in achieving customer and financial objectives. The learning and growth perspective measures employee satisfaction, productivity and retention as well as the drivers of these outcomes such as critical skills development. The last perspective is the traditional financial perspective.

Moreover, Low and Siesfeld (1998: 24-38) argue that management accuses stakeholders of being too short-term, profit oriented in its assessments of share value. The difficulty of making strategic investments in such an environment is widely bemoaned. Major stakeholders' decisions, are significantly influenced by non-financial performance information. It turns out that over a third of the typical stakeholder's allocation decision is attributable not to the financial but to other information on performance areas perceived to be leading indicators of future profitability. These include:

- views of the organisation's strategic vision and the ability to execute against it;
- management's credibility,
- innovations prospects in the pipeline; and
- the ability to attract talented people.

Likewise, those analysts who rely more heavily on non-financial information are the ones producing the most accurate earnings forecasts. Not surprisingly, the type of non-financial information influencing stakeholders varies substantially and predictably according to the industry under consideration.

On the other hand, DeBusk, Killough and Brown (2015: 61-89) argue that, to overcome the challenges of managing solely with conventional financial measures, many organisations have adopted new performance measurement systems that utilise a combination of financial and non-financial measures. Accountants generally prefer using financial measures than non-financial measures, thus, giving reason for their bias toward financial measures.

Clearly, in a business environment marked by rapid change and on a playing field levelled by ubiquitous access to information, stakeholders do not rely simply on past financial performance to assess prospects for future success. The best of them owe their prescience to a deeper understanding of the business model of a given firm and a superior ability to gain insight into the performance of key, leading-indicator areas. The useful discoveries are in the details (Low & Siesfeld, 1998: 24-38). Table 2.3 below depicts a comparison between financial and non-financial measures.

Table 2.3: The essential differences between financial and non-financial measures

Financial Measures	Non-Financial Measures
Not many	There are many and replicate quickly
Regulated by accounting agreements	Too many to be regulated
Closely connected, often subsets of each other	Unconnected, frequently independent.
Few improvements	Infinite and unavoidable.
Limited pressure to increase numbers	Motivated by internal, non-financial, practical interests and external creativities.
Direct link to financial performance	Linked to financial performance and may require statistical evidence acquired over years.
Normally differentiates between good and bad performance	Changes over time.

Source: Kippenberger (1996: 28-29)

As indicated in the Table 2.3, the non-financial measures are more dynamic and most likely to be responsive to the changing business environment. This characteristic reinforces the point that financial and non-financial measures are symbiotic and thus, both instrumental during performance management and decision-making. Table 2.3 further illustrates that non-financial measures are responsive to economic times and thus more relevant and influential in value creation.

Banker, Potter and Srinivasan (2000) explain that there has been an increasing use of non-financial measures such as product quality, customer satisfaction and market share in performance measurement and compensation systems. A growing body of literature suggests that because current non-financial measures are better predictors of long-term financial performance than current financial measures, they help refocus managers on the long-term aspects of their actions. However, little empirical evidence is available on the relationship between non-financial measures and financial performance, and even less known about performance impacts of incorporating non-financial measures in incentive contracts. Measuring business performance is the top priority for managers.

2.6 CORPORATE GOVERNANCE

2.6.1 Corporate governance and value creation

According to Dignam and Lowry (2006), corporate governance refers to a set of processes, customs, policies, laws and institutions influencing the way organisations are managed, thus fostering the behaviour of the organisation towards its stakeholders.

Bender and Ward (2009: 89) concur that corporate governance relates to organisations' ability to direct and control. It defines organisations' duties to their stakeholders, specifically stakeholders who finance the organisations. It also considers internal control mechanisms such as accounting systems. Corporate governance is a way of mitigating against threat for both the organisation and its stakeholders. As such, consideration of corporate governance is fundamental to an analysis of corporate financial strategy.

According to Sajie (2011: 29-44), interest in corporate governance goes beyond that of shareholders in the performance of individual companies. The benefits of sound corporate governance include the following:

- Elimination of the peril of falsifying integrated reports;
- Prevention of control of organisations by self-seeking managers;
- Building a strong brand equity and therefore lesser probability of reputational hazard;
- Increases the chance of organisational success. Great administration and great authority in management regularly go together.

Therefore, good corporate governance encourages stakeholders to support the organisations for the longer term as organisations often benefit from having stakeholders who have an interest in the longer-term prospects.

Corporate governance as an instrument for stakeholders' protection provides stakeholders with control rights often neglected. Therefore, it is the view of the researcher that the SI will empower stakeholders in making informed decisions through the provision of precise, relevant and summarised information. The stakeholders' often overlooks the non-availability of mechanisms that can force managers to repay the stakeholders. Some of the examples of stakeholder optimism are systematic over-valuation of the shares of the organisations issuing equity in initial and secondary offerings; the decline of profitability and share price following the issue; concentration of new shares when the stock markets are high; and earnings manipulation prior to issue. It is, therefore, imperative that economic and legal institutions exist to empower the stakeholders. Corporate governance systems form the core foundation of organisations.

Brigham and Ehrhardt (2005: 508) define corporate governance as the set of rules and procedures used to motivate managers. It involves two primary mechanisms: sticks and carrots. Corporate governance mechanism system makes it easier to evaluate performance of management. It further prescribes the type of management reward plan the organisation uses. If management reward is connected to the organisation's share price or other value-based

measures, then management are more likely to concentrate on shareholder wealth maximisation than if their compensation is just a fixed salary.

Therefore, the corporate governance system complements the accounting framework in ensuring that the integrated reports have integrity and serve their purpose in fair and honest disclosures.

Awotundum, Kehinde and Somoye (2011) argue that it is incontrovertible that organisations have become powerful and dominant institutions that have extended to every corner of the globe in various sizes, capabilities and influences. Their governance has tremendously influenced the economies as well as various aspects of the social landscape. However, stakeholders are losing trust in these organisations as they see a diminution of market value. More so, with the emergence of globalisation, there is greater de-territorialisation and less government control resulting in a greater need for transparency and accountability. Hence, corporate governance has become one of the critical issues in the business world today.

According to Talamo (2011), corporate governance varies from management. Management is about running the organisation and corporate governance is about making sure that the organisation runs properly. In analysing corporate governance, one has to recognise the decision-making structures and processes connected to the production, control and accountability that in turn, involve the monitoring, evaluation and control of organisational agents to ensure that they act in the interests of stakeholders.

In addition, Proimos (2005) argues that the failure by organisations to provide apt and balanced disclosure of all substantial matters relating to the organisation encourages poor corporate governance practices. Stakeholders are oblivious of the organisation's true performance and its corporate governance practices. In effect, stakeholders are pricing stocks wrongly due to misleading information.

Lindfelt and Törnroos (2006) highlighted that ethical issues have a more direct bearing on business than before. Customers and organisations have become vigilant when making decisions pertaining to goods and services that are produced under harmful circumstances. In

the stakeholders' decision making process, image, social and environmental reputation can be decisive.

The following economic scandals highlighted ethical issues that destroyed value for the organisations.

- i) case of ENRON in the United States of America,
- ii) case of Parmalat in Italy,
- iii) case of the Brent Spar oilrig affair in the United Kingdom,
- iv) case of Shell in Nigeria,
- v) case of the Nestle' baby milk substitute scandal in Africa,
- vi) case of the Exxon Valdez disaster in Alaska bring ethical issues to the forefront of business strategy, management and image building, and
- vii) case of Steinhoff international in Germany.

These types of scandals affect the relationships with authorities and destroys the organisation's credibility in the eyes of the public. Therefore, ethics in business influences the value-creation process.

Adams (2017: 906-931) postulated that management actions and integrated thinking are influenced by international integrated reporting council's framework and the global reporting initiative. The framework's main objective is to specify practises of reporting. Furthermore, the involvement of the board is considered vital and critical in integrating both environmental and social sustainability into organisation practices. However, the evidence to substantiate the extent to which it is done remains lacking and limited. The researcher proposes that the board may enforce accountability through the inclusion of environmental and social sustainability key performance indicators in management incentives programs and also signing off on sustainability and integrated reports. According to the IIRC (2013), it is the mandate of the board to take charge of integrated reports and to advice on the nature and extent of their supervision of its preparation.

With reference to the above, the SI will zoom into the main attributes of the integrated reports that are pertinent in illuminating the organisation's strategy, its performance, social and

environmental factors. Management will be required to provide detailed information and thus be transparent and accountable.

2.6.2 Breaches of Business Ethics: South African Environment

With reference to the above, the researcher posits that the lack of transparency and accountability has adversely influenced stakeholders. There have been many instances of organisations failing to conform to codes of good business practice. Inherent in integrated reports is the information gap between management and stakeholders in identifying the salient information beneficial to both parties for decision-making.

Table 2.4: South African companies fined for breach of business ethics

Company	Fine Amount	Transgression
MTN	R71 billion	Failing to comply with legislation in Nigeria
Tiger Brands	R99 million	Collusive price fixing
Aveng	R307 million	Collusive tendering
Basil Read	R94 million	Collusive tendering
Haw & Inglis	R45 million	Collusive tendering
Murray & Roberts	R309 million	Collusive tendering
Raubex	R58 million	Collusive tendering
Stefanutti	R307 million	Collusive tendering
WBHO	R311 million	Collusive tendering

Source: Financial Mail (2016)

Table 2.4 shows some South African organisations fined due to breach of business ethics, particularly regarding collusion. This behaviour by management depicts the lack of transparency and data integrity presented in integrated reports. Furthermore, the fines levied against these organisations compromised the future value of the organisations. As such, stakeholders are affected negatively due to negligent and reckless business trading perpetuated by management. The above organisations are reputable and have considerable footprints in Africa and beyond.

2.6.3 Auditor Independence

As stated above, apart from lack of honesty in disclosures, the issue of auditor impartiality becomes a central point. According to Rennie, Kopp and Lemon (2014), auditor impartiality is tested in circumstances where the auditor is apprehensive that the integrated reports may be significantly mis-stated. Such apprehensions can lead to differences between auditors and management. Stakeholders rely on the auditor to affirm their independence in the resolution of such differences. A desire to safeguard the auditor-client relationship during an auditor-client disagreement can be interpreted as a basis of pressure on the auditor to concede to management wishes. In essence, the degree of independence on the part of the external auditor becomes compromised.

Vanasco (1996: 4-48) postulated that there are three dimensions of auditor independence that must be recognised in mitigating risk to the auditor's objectivity. These dimensions include;

- i. Planning independence; implying that auditors must be free from any form of interference during their audit-planning phase.
- ii. Investigative independence; implying that auditors should have access to all the records and procedures. It means that management should support the auditors as they expedite their duty.
- iii. Reporting independence; implying that auditors must present their findings without any fear, pressure or favour. Auditors should present their evidence to the stakeholders without any alterations.

Therefore, lack of auditor independence destroys value for stakeholders. Stakeholders rely on the external auditors' assurances of the state of the integrated reports. Where external auditors fail to expedite their mandate, the ramifications of such actions tend to affect the organisation in the long term. It is imperative that for value creation to take place, external auditors should keep an arm's length relationship with the organisations they audit. This reduces the probability of bias and collusion when reporting on their findings (Whittington, Grout & Jewit, 1995: 75).

2.6.4 Accountability and Transparency

Odongo and Wang (2018: 111-122) stated that organisational accountability is widely used to refer to engagement strategies influencing the conduct of management. It means that stakeholders influence the behaviour of management. Such stakeholders can embrace a variety of strategies embodying but not limited to mobilising and adopting legal mechanisms to administer social equality. Therefore, environmental accountability, social responsibility and corporate governance are combined under a solitary umbrella of organisational ethics. Management should bring about organisational revolution to ensure such a leading approach is highly sustainable (McGrath & Whitty, 2018: 687-707).

Osborne (2004) affirms that accountability is an invaluable solution to deceit, but it is vital to know how and to whom account should be given and how reports should be checked. Furthermore, Hunt (2016) explains accountability as the preparedness to propose a validation to pertinent stakeholders for one's valuation, acts, intents and exclusion when appropriately required as such. The straightforward method is that management can be held accountable if they are morally culpable for an action. If some wrong occurred because of that action, management had no lawful excuse for the wrongdoing.

According to Osborne (2004), transparency means assisting stakeholders to see into systems and comprehend why decisions are taken. In determining to strengthen transparency, the objective is to make it more difficult for anyone to act unethically, reducing the basis for reasonable suspicion, and thus increasing trust. Increased transparency brings an important change of work culture from an evasive situation of secrecy to one of honesty.

Parris, Dapko, Arnold and Arnold (2016: 222-247) posit that the call for greater organisational transparency has become a slogan recited by the media, experts, and academics as a promising possible solution to the recurrent ethical breaks in organisations. The lack of openness with stakeholders has increased skepticism while decreasing trust and confidence that organisations operate within the constraints of social, ethical, and environmental standards. Transparency is critical in addressing stakeholder distrust and improving

responsible management practices of organisations. Thus, transparency is a necessity in creating a sense of trustworthiness and accountability (Choi & Sami, 2015: 3-7).

Choi and Sami (2015: 3-7) postulated that there was need for organisations to be transparent. The shareholders initiated the need for transparency in trying to understand an organisation's financial position and decisions made by management. This was done as a control measure in safeguarding their interests. The stakeholders believe that threat of disclosure could be the catalyst that will avert future financial crises and potential scandals worldwide. Furthermore, stakeholders believe that transparency is critical and a good measure of accountability and good corporate governance, required in business to efficiently allocate capital and resources.

According to Jahansoozi (2006: 942-955), transparency enhances the relationship between management and stakeholders. It is considered an important variable that elevates accountability, cooperation, support and assurance. Accountability and responsibility are variables found in an organisation where management processes are transparent. Jahansoozi (2006: 942-955) highlighted that around 1990, Shell faced some serious challenges with its stakeholders. At that time, Shell had lost touch with its stakeholders. The expectations of its external stakeholders were not met leading to a loss of trust.

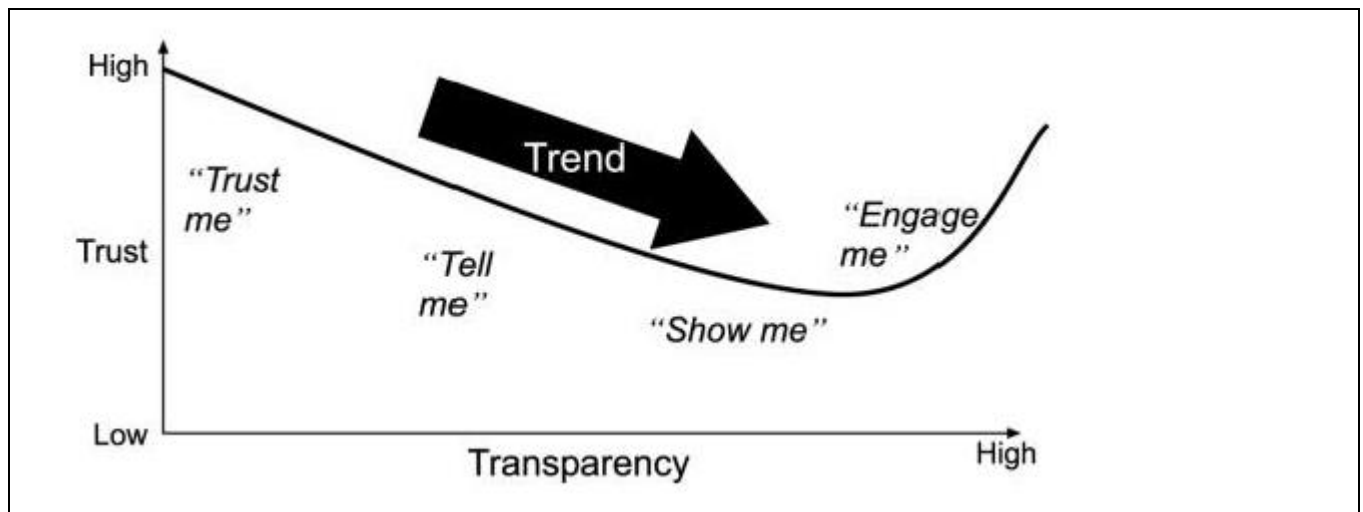


Figure 2.8: Levels of trust

Source: Jahansoozi (2006)

Figure 2.8 above depicts that as trust decreases, the need for transparency increases. This in turn increases the level of trust. Shell's decision to be transparent and accountable to its stakeholders restored the trust with its external stakeholders.

2.7 CHAPTER SUMMARY

The chapter has captured the essence of integrated reports. It has further elucidated why integrated reports are prepared. On the other hand, the chapter also brings to the fore the challenges of information asymmetry between management and stakeholders. Thus, creating an information gap between management and stakeholders.

As indicated by Flower (2015: 1-17), that stakeholders value different things and Brown and Dillard (2014: 1120-1156) arguing that integrated reports have become focused on stakeholder management rather than on stakeholder accountability, emphasising business as usual. Van Bommel (2014: 1157-1189) advises that the current state of integrated reports generate bias instead of an authentic negotiation. On the other hand, Cheng, Green, Conradie, Konishi, and Romi (2014: 90-119) highlight the ambiguity contiguous to the meanings and assessment of capitals and complexities regarding the assurance of integrated reports.

However, the researcher was content to contribute to the academic community a framework that complements the integrated reports in making them understandable. The stakeholder instrument (SI) proposed a truncated version of the integrated reports that incorporates most of the principles as prescribed by the international integrated reporting framework. This was aligned to Abeysekera (2013: 227-245) integrated report templates that limited the reports to less than ten pages long and included all stakeholders. Abeysekera (2014) further stated that the report contents should be a combination of narrative, numerical and visual information to communicate a holistic organisational picture.

The chapter further examined the literature pertaining to the various constructs that are embedded in the integrated reports. Based on the review of the literature on stakeholder value creation, the researcher found that the following concepts namely; corporate governance, financial and non-financial measures are the key drivers of value creation.

The literature review depicted that not enough research on value creation from the stakeholders' viewpoint existed. This is despite the fact that stakeholders play a critical role in organisations' success. It is through the engagement of stakeholders by management that cultivates trust and enhances relationships. A disjointed relationship matrix leads to organisational failure and destruction of value.

The skewing of information by management creates an environment of distrust leading to communication breakdown with stakeholders. In the end, the consequences of such a scenario affect stakeholders more than management. Although the preparation of integrated reports follows rules, and principles of the international integrated reporting framework, organisations have incurred major losses due to deliberate human error. The losses were a direct mismanagement by humans entrusted to safeguard the resources and ensure that organisations create value.

The next chapter introduces the conceptual framework and hypothesis development.

CHAPTER 3:

CONCEPTUAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

3.1 INTRODUCTION

The concept of value creation has been investigated in innumerable frameworks over the years. The previous chapter examined the concept of value creation and its importance to the stakeholders. This chapter will explore the concept of value creation. It will discuss value creating variables and their impact on both organisations and stakeholders. The discussion will further depict the dimensions of stakeholder value creation. Thus, forming the basis under which a conceptual framework for stakeholder value creation is developed.

Therefore, this chapter will recommend a framework that links different constructs with their impact on stakeholder value creation. The projected conceptual framework will lead the quantitative research. This will include leading the research from data collection and analysis to establishing a correlation between the projected framework and stakeholder value creation. The critical issue is to permit the framework to interrogate the essence of integrated reports in stakeholder value creation.

To achieve the aim of this study, the researcher developed a stakeholder instrument to complement the integrated reports in stakeholder value creation. The stakeholder instrument will constitute the salient information from the integrated reports, thus heightening the levels of transparency and accountability. The stakeholder instrument recognised five vital factors that inspire stakeholder value creation, transparency and accountability: corporate governance, financial and non-financial measures.

3.2 VALUE CREATION AND HYPOTHESIS

The overarching research question of the study aims to find stakeholders value creation attributes. The purpose of identifying these value creation attributes is to help stakeholders optimise on the use of the integrated reports in decision-making. On the other hand, the attributes will aid management in compiling integrated reports that have meaningful, concise,

accurate and transparent information. This section focuses on identified value creation attributes namely: integrated reports, financial, non-financial and corporate governance in the development of the hypothesis to answer the research question.

Research question: *Are the integrated reports serving their purpose of value creation, transparency and accountability to its stakeholders?*

3.2.1 Integrated Reports

The increased corporate governance lapses and high profile corporate failures and accounting scandals have raised serious concerns pertaining to the integrity of the accounting information given to the stakeholders (Negash, 2009; Cohen, Dey & Lys, 2008). Furthermore, such predominant absence of accountability and transparency and a decay in morals and ethics of management had adversely affected stakeholders. Stubbs and Higgins (2014) alluded to the integrated reporting failure to encourage innovation in disclosure requirements. The concerns raised by stakeholders about lack of integrity of the information coupled with integrated reporting challenges encouraged the researcher to find a solution to bridge the gap (Stent & Dowler, 2015). Therefore, the advent of the solution in bridging the information gap between management and stakeholders included developing the stakeholder instrument. The stakeholder instrument enables stakeholders to understand the integrated reports and subsequently the organisation.

During the development of the SI, the researcher looked at the components of the integrated reports together with the international integrated reporting framework. According to Skae (2014: 9), the guiding principles that underpin the preparation and presentation of the integrated reports are strategic focus, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, consistency and comparability. Thus, the attributes of the stakeholder instrument were informed by these underlining principles. The stakeholder instrument is envisaged to bridge the information gap between management and stakeholders. It will provide stakeholders with concise and relevant information.

The stakeholder instrument represented most of the key value drivers from the integrated reports namely; leadership, scenario planning, innovation, risk and reward, human resources,

supplier focus, customer focus, market attractiveness and economic value analysis. These value drivers were summarised as follows: governance, financial and non-financial measures. Stent and Dowler (2015: 92-117) highlighted the capital resources organisations have at their disposal. Therefore, organisations use the capitals to create sustainable value for the stakeholders. Furthermore, Stent and Dowler (2015: 92-117) stipulated the guiding principles that inform the integrated reports. However, the content elements of the integrated reports measure the created value and sustainability. The study was critical in adding value to the body of knowledge by consolidating the bulky integrated report into a two (2) page report enabling stakeholders to focus on critical issues influencing decision-making.

The researcher used the integrated reports of organisations trading on the Johannesburg Stock Exchange (JSE), the rationale being that the findings could be generalised across organisations in South African. The JSE follows stringent listing rules in conformity with the world's best practices.

Table 3.1 below depicts the value creating activities derived from the integrated reports. According to Low (2000: 252-262), the critical categories of non-financial performance that determine value creation are as follows:

- i) innovation
- ii) quality
- iii) customer relations
- iv) management capabilities
- v) alliances;
- vi) technology;
- vii) brand value;
- viii) employee relations;
- ix) environmental and community issues.

Table 3.1: Stakeholder Instrument Value Dimensions and Value Creating Activities

Value Dimension	Attribute	Value Creating Activities
Governance	Leadership	Organisational Leadership period of service
Financial	Economic Value Analysis,	<i>Economic Value Added (EVA™), Net Cash flows, Economic Profit, Net Book Value and Market Value</i>
	Risk and Reward Analysis,	<i>Average Age of Assets, Off Balance Sheet Assets, WACC, Gearing, Working Capital, Profit Margins, Owners' Net Worth and Return on Equity</i>
	Scenario Planning,	<i>Fairly Certain Pr= 1, Moderate Pr= 0.8 and Risk Pr=0.6</i>
	Customer Focus	<i>Customer days</i>
	Human Resources	<i>Employee Education, Employee Training and Development and Staff Turnover</i>
Non-Financial	Market Attractiveness and	Market Share, Global Footprint and Competitiveness
	Innovation Focus	Ratio of New Products to Other Products and Research and Development

Source: Author's own conceptualisation

Table 3.1 above depicts the value dimensions, attributes and their corresponding value creating activities. The attributes and value creating activities make up the stakeholder instrument.

Table 3.2 below represents value dimensions, elements for value creation and value destroying per stakeholder category. This information highlights the importance of financial

and non-financial measures as components of value creation. Table 3.2 further illuminates the significance of each stakeholder to the organisation.

Table 3.2 Value creation and destruction for stakeholders

Stakeholder Group	Value Dimension	Value Created	Value Destroyed
Shareholders	Financial	Profit generating and stable organisation.	<ul style="list-style-type: none"> i) Risks of losing investment. ii) Results of mismanagement. iii) Increased product failure.
	Non-financial	Dependable source of income.	<ul style="list-style-type: none"> i) Uncertain about the current and future state of the organization. ii) Bad reputation.
Employees	Financial	Profit generating and stable organisation	<ul style="list-style-type: none"> i) Loss of retirement benefits due to mismanagement of organisation assets.
	Non-financial	Friendly and conducive working environment. Good management	<ul style="list-style-type: none"> i) Uncertain about job security. ii) Lack of training opportunities.

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

			iii) Poor management.
Customers	Financial	Great quality products at competitive price.	ii) Poor service and warranty policies. iii) Poorly designed products.
	Non-financial	Great customer service Product functions as expected.	i) Unsure about product benefits. ii) Lack of information about the product.
Suppliers	Financial	Increased income from strategic alliances	i) Lack of liquidity.
	Non-financial	Supplier development program	ii) Uncertain about the current and future environment of the association.
Community	Financial	Being a corporate social investor. Being a good corporate citizen.	i) An organisation experiencing financial uncertainty causes trouble to the community.
	Non-financial	Provision of employment	i) Threatening of peoples'

		opportunities to the community.	livelihood through the emission of carbon and toxic material into the environment.
--	--	---------------------------------	--

Source: Haksever, Chaganti and Cook (2010)

Table 3.2 breaks down the importance of each stakeholder and their expectations. Shareholders have their capital invested in the organisation. For that reason, they expect their capital to grow. The shareholders expect management to create value for them. On the other hand, employees expect the organisation to improve their livelihood through the payment of salaries and benefits. Employees expect stability and growth. Furthermore, customers Value from the products and services they procure. Customers are critical in that, they are the income providers for the organisations. Therefore, the organisations have a mandate to keep them satisfied. Customers expect organisations to create value for them through the provision of quality and low cost products and services. Suppliers are the income generators for the organisations. These stakeholders are the heartbeat of organisations through the provision of inputs, which are transformed into products and services. Finally, the community's expectations relate to job creation, donations, tax income and infrastructure improvement initiated by the organisations. Communities further, expect organisations to protect the environment through the provision of environmentally friendly products (Haksever, Chaganti & Cook, 2010).

HA1: The integrated reports provide factual and succinct information on financial and non-financial measures for stakeholders

3.2.2 Financial Measure: Scenario Planning and Strategic thinking

According to Hirsch, Burggraf and Daheim (2013: 363-374), enumerated scenarios are hardly implemented in organisation foresight. There is little proof in the literature of quantified long-term models that include uncertainty in organisations, in terms of long-term planning.

Scenarios remain qualitative images of possible futures that influence decision-making by way of support from top management. Quantifiable models that can forecast to a mid to long-term future are a rarity. Thus, the researcher elevated scenario planning as a direct response to the constantly changing business environment. This entails adjusting forecasts with probabilities of success between fairly certain, moderate and risky.

Chermack and Lynham (2002, 366-383) postulated that scenario planning is a method of developing numerous educated, probable and abstract different future situations in which choices may be made to influence present thinking, refining decision-making, improving human and organisation learning and performance. Duncan and Wack (1994: 18-46) supported this view by saying that scenario planning empower management to assess and analyse their options. Chermack and Swanson (2008, 129-146) elaborated further by saying that scenario planning assists management in viewing business environment differently, thus making it a vital strategic learning tool. As indicated by Wilburn and Wilburn (2011: 164-178), anecdotal case evidence of organisations depict that scenario planning encourages management to be proactive as they are confronted by environmental changes.

Stakeholder Instrument for year ended		ACTUAL RESULTS			FORECASTS			
		2014	2015	2016	2017	2018	2019	2020
	Scenario Planning							
FM	<i>Fairly Certain (probability of 1.0)</i>							
FM	<i>Moderate (probability of 0.8)</i>							
FM	<i>Risky (probability of 0.6)</i>							

Figure 3.1: SI presentation: Scenario Planning

Source: Author's own conceptualisation

Figure 3.1 above depicts the power of effective planning and forecasting. Planning and forecasting is a management process imperative and should be done with a high level of

precision. Allocation of probabilities to the forecasts indicates that management appreciate the uncertainty of the business environment.

3.2.3. Financial measure: Risk and reward analysis

Lambert, Emmelhainz and Gardner (1996: 1-18) reiterate the importance of organisations sharing both the benefits and costs with stakeholders. This is an assessment of the attractiveness and rationale of the strategic choices, to serve as a measure in making decisions. Risk and reward analysis forms part of the integrated measures in measuring performance. According to Haksever, Chaganti and Cook (2010: 291-304) economic value is generated for shareholders when the organisation returns a profit and when its owner's equity increases. Additionally, value creation can be achieved by increasing the efficiencies, quality, introduction of new products needed by customers, customer satisfaction and customer loyalty.

Stakeholder Instrument for year ended		ACTUAL RESULTS			FORECASTS			
		2014	2015	2016	2017	2018	2019	2020
	Risk and Reward Analysis							
FM	<i>Average Age of Assets</i>							
FM	<i>Off Balance Sheet Assets</i>							
FM	<i>Weighted Average Cost of Capital</i>							
FM	<i>Gearing</i>							
FM	<i>Working Capital</i>							
FM	<i>Contingency Liability</i>							
FM	<i>Profit Margins</i>							
FM	<i>Customer days</i>							
FM	<i>Supplier days</i>							
FM	<i>Owners' Net Worth</i>							
FM	<i>Return On Equity</i>							

Figure 3.2: SI presentation: Risk and Rewards Analysis

Source: Author's own conceptualisation

Risk and reward analysis is a financial measure that looks at the quantitative nature of value creation. As highlighted in figure 3.2 above, the concepts like return on equity, owner's net

worth, gearing and many more represent the information that stakeholders consider useful in decision making (Lambert, *et. al.* 1996 & Hasever, *et. al.* 2010).

3.2.4 Financial measure: Economic value analysis

Economic value analysis is a measure of management's ability to create value for the organisation (Tulley, 1998: 193-6). The economic value analysis is different from the traditional value analysis since it includes implicit costs. Through the economic profit, the stakeholders are able to make informed decisions on the organisations' performance. Economic value analysis includes the calculation of the fundamental value (book value) and compares it with the intrinsic value (market value). Such measurement adds value to stakeholders' decision-making process. Economic profit takes into account the opportunity cost of capital, whereas accounting profit does not (Holian & Reza, 2011).

Stakeholder Instrument for year ended		ACTUAL RESULTS			FORECASTS			
		2014	2015	2016	2017	2018	2019	2020
	Economic Value Analysis							
VC	<i>Economic Value Added (EVA)</i>							
VC	<i>Net Cash flow from operating activities</i>							
VC	<i>Economic Profit</i>							
VC	<i>Organisational Fundamental Value (Book Value)</i>							
VC	<i>Organisational Intrinsic Value (Market Value)</i>							

Figure 3.3: SI presentation: Economic Value Analysis

Source: Author's own conceptualisation

Economic value analysis is a quantitative measure of value. Figure 3.3 above highlights that this performance attribute is critical in illuminating the effectiveness of management processes in achieving the organisation's strategic goals. Stakeholders take keen interests in monitoring the performance of their capital.

3.2.5 Non financial measure: Market attractiveness

According to Chikweche (2013: 764-787), organisations should continually review customers' needs and expectations due to the changes that take place in the marketplace. Organisations must respond to market needs with exceptional products or services. Stakeholders are attracted to organisations with basic fundamentals in place, have measurable and realistic strategic vision and have strong leadership in place. Stakeholders want organisations that take them seriously and create value for them. An organisation is economically established when it meets its frequent dividends pay outs, provides a stable source of income and creates financial security for its stakeholders. Economic safety provides control for stakeholders and enables them to make informed business decisions (Haksever, Chaganti & Cook; 2010: 291-304).

Stakeholder Instrument for year ended		ACTUAL RESULTS			FORECASTS			
		2014	2015	2016	2017	2018	2019	2020
	Market Attractiveness							
NFM	Market Share							
NFM	Global footprints							
NFM	Market Growth (expectations)							
NFM	Competitiveness							
NFM	Size of the market							

Figure 3.4: SI presentation: Market Attractiveness

Source: Author's own conceptualisation

Figure 3.4 above depicts that market attractiveness is a non-financial measure. The concepts included in this category are critical to business growth and value creation. The ability of the organisation to increase both its market share and competitiveness in the market place is considered as a measure of value by stakeholders (Chikweche, 2013).

3.2.6 Non-financial measure: Customer Focus

According to Bowman and Ambrosini (2010: 5479-5495), customers aim to optimise the ratio of benefits accrued for the exchange value paid. The benefits accrued must be greater than the cost paid. On the other hand, the success of an organisation is directly linked to its customers. The customers bring income to the organisation. Therefore, the researcher included the quality of the product or service offered, customer satisfaction and discounts granted indices in analysing non-integrated measures of performance.

Stakeholder Instrument for year ended		ACTUAL RESULTS			FORECASTS			
		2014	2015	2016	2017	2018	2019	2020
	Customer Focus							
NFM	Customer satisfaction							
NFM	Product reworks							
NFM	Promotions and discounts granted							

Figure 3.5: SI presentation: Customer Focus

Source: Author's own conceptualisation

Figure 3.5 above shows that customer focus is a non-financial measure. According to Haksever *et al.* (2010), customers are the providers of income. The ability of an organisation to satisfy its customers through provision of quality products and great customer service creates value for stakeholders.

3.2.7 Non financial measure: Human resources

The human factor in the organisation represents, the combined intelligence, skills, and expertise that make the organisation competitive (Bontis 1998: 63-76). It constitutes the cornerstone of a successful organisation. When employees' objectives align with those of the organisation, success is unavoidable. Employees' education, training and development, well-

being and satisfaction play a role in an organisation's value chain. Furthermore, high staff turnover is an indicator of uncertainty and hence a value destroyer.

Stakeholder Instrument for year ended		ACTUAL RESULTS			FORECASTS			
		2014	2015	2016	2017	2018	2019	2020
	Human Resources							
NFM	Employee Education							
NFM	Employee Training and Development							
NFM	Employee well being and satisfaction							
NFM	Staff complement							

Figure 3.6: SI presentation: Human Resources

Source: Author's own conceptualisation

Figure 3.6 shows a human resources concept as a non-financial measure. Bontis (1998) acknowledged that employees are an essential component of the organisation's success. It is therefore, imperative that management focusses on employee development programs to keep them motivated and goal oriented.

3.2.8 Non financial measure: Supplier focus

According to Gouillart, (2014: 2-8), suppliers are the providers of resources necessary in the production process. Suppliers are a source of short-term financing, through their provision of resources for production or day-to-day operations. Therefore, the partnership between the organisation and its suppliers is critical in business success. The researcher regards supplier focus as a strategic panacea to value creation.

Stakeholder Instrument for year ended		ACTUAL RESULTS			FORECASTS			
		2014	2015	2016	2017	2018	2019	2020
	Supplier Focus							
NFM	<i>Promotions and discounts received</i>							
NFM	<i>Average age of the relationship</i>							
NFM	<i>Quality of products or services provided</i>							

Figure 3.7: SI presentation: Supplier Focus

Source: Author's own conceptualisation

Supplier focus is a non-financial measure. Haksever (2010) added that suppliers are the source of income. Figure 3.7 above shows that stakeholders are interested in how management engage with their suppliers for value creation.

3.2.9 Non financial measure: Innovation focus

Varadarajan (2018: 143-166) defines innovation as the creation of value by applying relevant knowledge and resources for conversion of an idea into a new product, process, or practice or, enhancements of existing products, processes, or practice. The longevity of organisations defined by how they respond to customer needs by being relevant to the market at all times. The researcher interrogated the research and development expenditure and the ratio of new products to other products. Innovation forms part of continuous improvement and therefore, is a critical component in value creation.

Stakeholder Instrument for year ended		ACTUAL RESULTS			FORECASTS			
		2014	2015	2016	2017	2018	2019	2020
	Innovation Focus							
NFM	<i>Ratio of New Products to Other Products</i>							
NFM	<i>Number of current product upgrades</i>							
NFM	<i>Research and Development</i>							

Figure 3.8: SI presentation: Innovation Focus

Source: Author's own conceptualisation

HA2: Financial and non-financial measures have an influence on stakeholder value creation and the concept of transparency and accountability.

3.2.10 Corporate Governance: Leadership

According to Meyer and Boninelli (2007), leadership is a matter of intelligence, trustworthiness, humaneness, courage and sternness. Adair (2003) stipulates that strategic leadership includes overall accountability for the operation of the organisation by delivering the right goods or services, whatever they may be, at the right time and at the right price. The researcher measures the effectiveness of the organisations' leadership through its public responsibility and citizenry, strategy execution and implementation, sustainability and wealth creation.

Stakeholder Instrument for year ended		ACTUAL RESULTS			FORECASTS			
		2014	2015	2016	2017	2018	2019	2020
	Leadership							
CG	<i>Organisational Leadership period of service</i>							
CG	<i>Corporate Social Responsibility / Investment</i>							
CG	<i>Strategy development and Implementation</i>							

Figure 3.9: SI presentation: Leadership (Source: Author's own conceptualisation)

Figure 3.9 above shows that leadership is a critical element of value creation. The attribute leadership forms part of management process. Adair (2003) and Meyer *et. al.* (2007) posited that effective leadership is about accountability and integrated thinking.

HA3: There is a significant correlation between financial and non-financial measures, as well as their associated influence on stakeholder value creation, accountability and transparency.

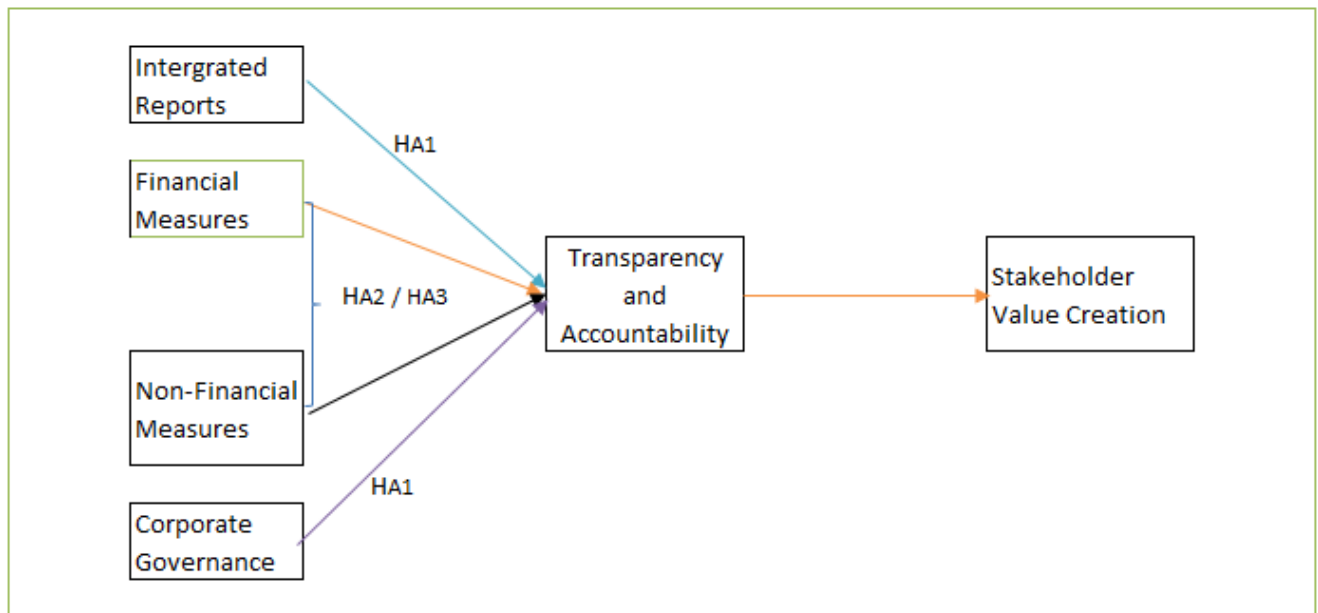


Figure 3.10: Stakeholder value creation instrument

Source: Author's own conceptualisation

Figure 3.10 above epitomises the stakeholder value-creating instrument, which is aimed at simplifying the integrated reports for stakeholders. The variables illuminated in the stakeholder instrument were cited in literature as critical and pivotal in value creation. The stakeholder's instrument aims to illuminate the salient information to enable the stakeholders to make meaningful and accurate decisions. The stakeholder instrument is designed to streamline bulky information contained in the integrated reports to more manageable, understandable, sizable and quality information as required by stakeholders.

3.3 ETHICS

To ensure protection of participants in the study, the researcher sought consent from participants prior to the study and they were assured that the information was for academic purposes and remain confidential. The letter of informed consent explained the nature of the study and the nature of their participation in the research project.

Questions did not use any discriminatory or strong language and was sensitive to the participants. A summarised report protected the participants' right to privacy and was under no circumstances presented in a way that others become aware of how a particular participant responded or behaved. The same principles applied when conducting the survey.

The researcher received the ethical approval for the study from the Ethics Review Committee of the University of South Africa Graduate School Of Business Leadership. Appendix C

3.4 CHAPTER SUMMARY

This chapter interrogated different constructs in the projected theoretical framework. Having analysed previous academic work on value creation, the researcher found out that corporate governance, financial and non-financial measures are the drivers of value creation. Therefore, the proposed conceptual framework will explore and discuss the impact of these constructs on stakeholder value creation. The conceptual framework will further aim to comprehend the value dimensions in creating value for the stakeholders.

The next chapter describes the procedures and methods used in this investigation.

CHAPTER 4:

RESEARCH METHODOLOGY

4.1 INTRODUCTION

In this chapter, the researcher looked at developing a stakeholder instrument aimed at creating value, enforcing accountability and transparency for stakeholders. The SI illuminates the salient information contained in the integrated reports for the stakeholders to use in decision-making. The SI forms part of the integrated reports and therefore is subject to the scrutiny of auditors and conforms to all reporting standards as stipulated by the international accounting standards (IAS) or International Integrated Reporting Standards (IFRS). The chapter covers the design of the study, the research method, and sample size, measuring instruments and data analysis.

4.2 RESEARCH PARADIGM

The design of the critical exploration of the theoretical framework was a positivist paradigm. Saunders, Lewis and Thornhill (2016:124) describe traditions as system of philosophies and assumptions about the development of knowledge. Furthermore, Morgan (2007: 48-76) stipulates that in the positivist research paradigm, researchers tend to separate themselves from the world of study, while researchers within other paradigms acknowledge that they have to partake in the real-world, in order to understand and express its developing properties and characteristics better (Picardi & Masick, 2014: 130). As alluded to by Creswell (1998), that the positivist position believe that there is an objective reality that can be known to the researcher, if the correct methods are used and applied in a correct manner.

In the positivist paradigm, the object of research is independent of the researcher and there is prominence on an objectivist approach to studying social phenomena. This approach undertakes that there are common forms of root and influence that is used as a base for predicting and observing natural singularity. The objective is to determine these configurations.

The use of the quantitative methodology allowed the researcher to measure the link between stakeholder instrument and stakeholder value creation. The use of a questionnaire adopted from Cap Gemini Ernst and Young researchers (2000) helped the researcher by increasing the validity and reliability of the study. The findings of the study can be applied more broadly outside of the study context.

4.3 THE AIM OF THE EMPIRICAL INVESTIGATION

The aim was to develop a stakeholder instrument to assist in making integrated reports more meaningful and succinct thus creating value for stakeholders and increasing the level of accountability and transparency. This entailed analysing existing secondary data, conducting surveys and testing hypotheses.

4.4 METHODOLOGY

The quantitative paradigm adopted for the study placed importance on measurement when collecting and analysing data, and enabled the researcher not just to use numerical measures but also to follow a scientific model to establish objective knowledge (Colton & Covert, 2007). The research was descriptive in nature as defined by Leedy and Ormrod (2015). This involved investigating a condition in its existing form without any revisions and providing an accurate narration of the situation. The units of analysis were individuals and organisations. To obtain quantitative data for statistical analysis, the researcher carried out a survey involving internal and external stakeholders and analysing integrated reports for companies on the JSE.

The researcher considered all of the principles based requirements set out in the integrated reporting framework, but only those requirements considered to objectively quantifiable. The principles based requirements were closely aligned with the content elements of the integrated reporting framework with reference to the fundamental concepts and guiding principles. The attributes of the stakeholder instrument were based on integrated framework requirements. These requirements were used to perform analysis of the integrated reports of a sample of JSE organisations. The use of quantitative approach allowed the researcher to examine the relationship between the variables of SI and value creation. The data collated was used to look

for cause and effect relationships and thus, making inferences. The findings were used to substantiate and broaden the scope of the stakeholder instrument

4.5 DESIGN OF THE STUDY

The research design was a cross-sectional design. The empirical investigation was aligned to the overall objectives of the study. It consisted of the following:

- Sampling;
- Instrumentation;
- Data collection and ethical considerations;
- Data analysis; and
- Conclusions and interpretations.

The information was sourced from a survey and public organisations registered on the Johannesburg Stock Exchange (JSE).

The research findings are applicable across the other exchanges around the world, with limited generalisability.

4.5.1 The population and sample

The initial step was for the researcher to identify organisations trading on the JSE in 2016. The researcher considered a random sample of 42 actively trading organisations on the JSE in 2016. In selecting the organisations, the researcher ensured that all the 400 organisations on the JSE had an equal and independent chance of selection. Furthermore, the researcher ensured that there was representation of all the 44 industry classifications at the JSE (Kock & Smith, 2005).

4.5.2 Sampling

Leedy and Ormrod (2015) posited that multi-stage sampling methods enabled the researcher to administer questionnaires to the stakeholders in their diversity. Multi-stage sampling included choosing a sample in two parts. In the first part, the researcher chose large groups or

clusters of stakeholders. These clusters contained more population units than were required for the final sample.

In the second stage, population units chosen from selected clusters made the final sample. The researcher achieved the final sample through the categorisation of the population units between internal and external stakeholders. The population units constituted a sample from all the stakeholders who are participants in the economy (Bryman & Bell, 2015:123).

4.5.2.1 Probability sampling

The researcher used probability sampling to select the organisations. The researcher used simple random sampling in choosing members of the population. The simple random sampling method increased the probability of a representative sample (Bryman & Bell, 2015:123) .

4.5.2.2 Non-probability sampling

The researcher used non-probability sampling method in selecting the 80 participants involved in the completion of the questionnaire. Due to the nature of the study, the researcher accessed a subset of people. This was to ensure inclusivity of all stakeholders. It was important that the respondents fell into a stakeholder category (Leedy & Ormrod, 2015).

The researcher downloaded a list of all active organisations from the JSE. These organisations were allocated a random number using Microsoft Excel. The researcher placed the organisations into five main industries, namely: Mining, Construction and Engineering, Manufacturing and General Trading, Integrated Services and IT, Telecommunications and Support Services. The JSE is a public platform for individuals and institutions from all over the world who want to buy or sell any of the shares listed. Public organisations use the JSE to raise capital by allowing stakeholders to invest in the listed organisations.

The researcher decided that the stakeholders needed to be categorised into groups, namely, internal and external, and then managed in their groups as shown in Table 4. Koehler and Raithel (2018) stipulated that a clear distinction between the stakeholder groups can be established based their type of relationship, stakes and degree of identification with the organisation. In addition, management and employees manage and align the interests of all

other groups and are responsible for the organisation's performance and survival (Coombs, 2007, 163-176; Helm, 2007, 238-254). On the other hand, Cornelissen (2004: 59-60) stated that the notion of legality encompasses financial accountability and accountability for the organisation's performance in social responsibility, community involvement, labour relations record and including the reduction of harmful waste and residues and the development of ecologically friendly production processes.

Hence, the categorisation of the stakeholders ensures that persons and groups with legitimate interests in the organisation are recognised and accounted for, and accommodated by the organisation to boost its financial performance and secure sustained acceptance of its operations. The balance in the representation of the stakeholders eliminated bias and hence increased consistency of input and validity of the instrument.

Table 1: Stakeholder groups

Internal	External
Employees	Shareholders
Management	Government
Unions	Lenders
	Customers
	Stakeholders
	Suppliers
	General Public
	Community Groups
	Environmentalists

Source: Koehler and Raithel (2018)

Eighty participants were divided into two groups namely, internal and external stakeholders. As depicted above, internal stakeholders included employees, management and trade unions. External stakeholders were all other outside parties with direct and indirect vested interests in the organisations, such as providers of capital (shareholders and lenders), government, suppliers, customers, amongst others.

4.6 DATA COLLECTION

4.6.1 Integrated Reports

4.6.1.1 Secondary data: document analysis

The researcher accomplished the data collection through the secondary data analysis for all public companies. It involved compiling a list of companies from the JSE. The researcher randomly sampled 42 companies listed on the JSE out of a population of 400. The purpose of choosing companies from the JSE list was in conformity with the integrated accounting framework as set out by the International Accounting Standards Board (IASB) and the King III corporate governance code. Since the integrated sections of integrated reports are prepared according to IFRS, GAAP and IAS, the researcher did not have challenges in collating data and drawing inferences from the results.

The researcher looked at five attributes namely: corporate governance, value creation, integrated reports, financial and non-financial measures in ascertaining the stakeholder value. The non-financial measures included the following:

- Market share,
- Global footprints,
- Market growth (expectations),
- Competitiveness,
- Size of the market, and
- Research and development.

Financial measures were as follows:

- Economic Value Analysis,
- Risk and Reward Analysis,
- Scenario Planning,
- Customer Focus,
- Human Resources.

The researcher used the 2014, 2015 and 2016 integrated reports as a basis for analysis. The list of 42 organisations sufficed as basis for developing the SI (LaMorte, 2016). The study used the organisations' integrated reports for the past three years as a good measure of whether value was created or not within the period under review. A three-year history dovetails well with the study since JSE's adoption of the integrated reporting started in 2010 (Skae, 2014: 8-9).

4.6.2 Questionnaire

Leedy and Ormrod (2015) recommended that a questionnaire should be short, consistent, and definite while also providing clear instructions so that respondents will be encouraged to complete the questionnaire. Furthermore, Leedy and Ormrod (2015) also emphasised the importance of pilot testing the questionnaire to ensure that it is a reliable data collection tool. The following guidelines were instrumental in the development of the proposed questionnaire for this study.

Section 1: Demographics

Section 1 consisted of demographic questions that included stakeholder status and industry sector.

Sections 2 to 6: Variables

The sections consisted of the main part of the questionnaire and contained the measurement scales. The 5-point Likert scale indicated levels of agreement with the statements and tried to elicit respondents' perceptions of the integrated reports. The maximum score was 5 and the minimum 1. A high score represented very positive response and a low score a negative response. (Kindly refer to appendix A for the questionnaire).

4.6.3 Measurement of Value Creation

Cap Gemini Ernst and Young researchers (2000) developed an arduous, inclusive model of value creation for innovative organisations. They devised a set of standardised measures, weighted according to their relative impact. The study included findings from an internet survey,

measures that matter, initial public offering studies and as well as industry literature and conversations with academics. A list of nine (9) critical categories of non-financial performance that create value was developed. The value drivers identified were:

- i) Innovation;
- ii) Quality;
- iii) Customer relations;
- iv) Management capabilities;
- v) Alliances;
- vi) Technology;
- vii) Brand value;
- viii) Employee relations; and
- ix) Environmental and community issues.

The groupings signified the sum of an organisation's performance and formed a value creation index. The value creation index depicted the correlation between the actual performance of value drivers and the market value. The researcher used the value creation index on the Standard & Poor 500 companies.

The researcher selected 2,954 organisations for the final sample. The researcher used several different sources, each depicting different aspects of the category, to ensure a comprehensive and reliable measure. The researcher received responses from, 973 Chief Executives Officers, 562 Board chairpersons and 844 Board members.

Through regression analysis and other advanced statistical techniques, the researcher was able to evaluate the ability of each value driver classification in explaining market values beyond that accredited to traditional accounting of assets and liabilities. Therefore, for both sustainable and non-sustainable organisations, the value creation index was 0.70 with market value. This implied that the value creating index for organisations sampled was very high with a market correlation of 0.70.

The researcher modelled the questionnaires on the identified content elements. The questionnaires were sent to the respondents who were willing to be part of the study and those

that saw value in the research. The researcher issued letters to the respondents explaining the purpose of the study. Furthermore, the researcher briefed the respondents on the importance of the study and the importance of honest engagement when answering the questionnaires.

The researcher took full responsibility of managing and following up on the respondents. Emails, telephone conversations and face-to-face interactions were held in respect of the targeted audiences to explain the purpose of the study, including the issues of confidentiality and the rights of the respondents, the details of the ethical considerations associated with the research.

The researcher ensured that the questionnaires aligned with the problem statement and its hypotheses. This was done through a pilot study and testing for validity and reliability. The researcher further calculated the reliability coefficient of the questionnaires and compared it to similar studies.

The questions were closed-ended, easy and clear to understand. Furthermore, the layout of the questionnaire was easy to read and sequential. The questions were designed with no room for uncertainty and ambiguity.

The researcher administered questionnaires through emails and personal delivery. Respondents were given 7 days in which to respond to the questionnaires and return them to the researcher. The researcher mitigated against any challenges by administering the questionnaire to 20 participants per category of stakeholders. A number of 20 participants per category of stakeholders was manageable in terms of the administration of the questionnaires. All the questionnaires returned without any non-compliances recorded.

4.6.4 Pilot Studies in the Development of an Instrument

The pilot study was useful since the researcher compiled the measuring instrument specifically for this research project. The pilot study assessed feasibility, time and statistical variability to ascertain the appropriateness of the instrument chosen by the researcher. The pilot study helped in refining the study design

The pilot study was tested on ten respondents who were part of the survey. The researcher interacted with the respondents through email to establish the following:

- That the questions were understandable and not ambiguous.
- That the questions were neutral and not offensive: and
- To gauge the time to complete the questionnaire.

This helped the researcher in filtering the research instrument to improve the quality. Questions, which were long, ambiguous and offensive, were rephrased without losing the essence and compromising the quality.

4.7 DATA ANALYSIS

The analysis of both primary and secondary data validated the findings.

Data generated from the questionnaires addressed the research problem. Firstly, the researcher compiled the data describing the sample. The researcher calculated the means for continuous variables and frequencies for all categorical data. Secondly, the researcher calculated the descriptive statistics for stakeholder value creation. The researcher generated established the validity and reliability of the study by calculating the Cronbach's alpha of 0.70. Cooper and Schindler, (2014: 260) posited that cronbach's alpha is a coefficient of internal consistency. Weathington, Cunningham and Pittenger (2012: 256) stipulated that a reliability of 0.70 or higher is required before an instrument is used.

The obtained statistical data was organised and analysed using STATA. The researcher checked surveyed data to ensure that all the questions and the blank spaces were duly completed. Thereafter, the researcher captured the data on from the questionnaire into STATA. With all the missing data checked and data integrity verified, the actual process of analysis commenced.

The researcher also performed regression analysis, with all the items of stakeholder instrument (independent variable) and value creation (dependent variable).

4.7.1 Time Series Models

According to Arsham (2014), forecasting is a prediction of what will occur in the future, and it is an uncertain process. Because of the uncertainty, the accuracy of a forecast is as important as the outcome predicted by the forecast.

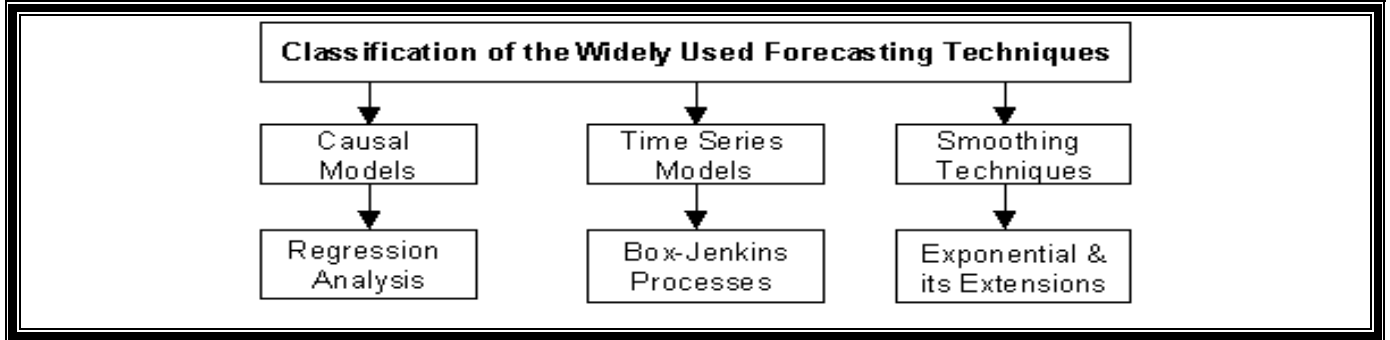


Figure 4.0: Widely used forecasting techniques

Source: Arsham (2014)

Figure 4 above shows the models that management could use to predict the future operations of the organisations. Management successes depend on their ability to make reasonable and measurable estimates. Estimates are required consistently, and compared against actual performances thus enhancing decision-making.

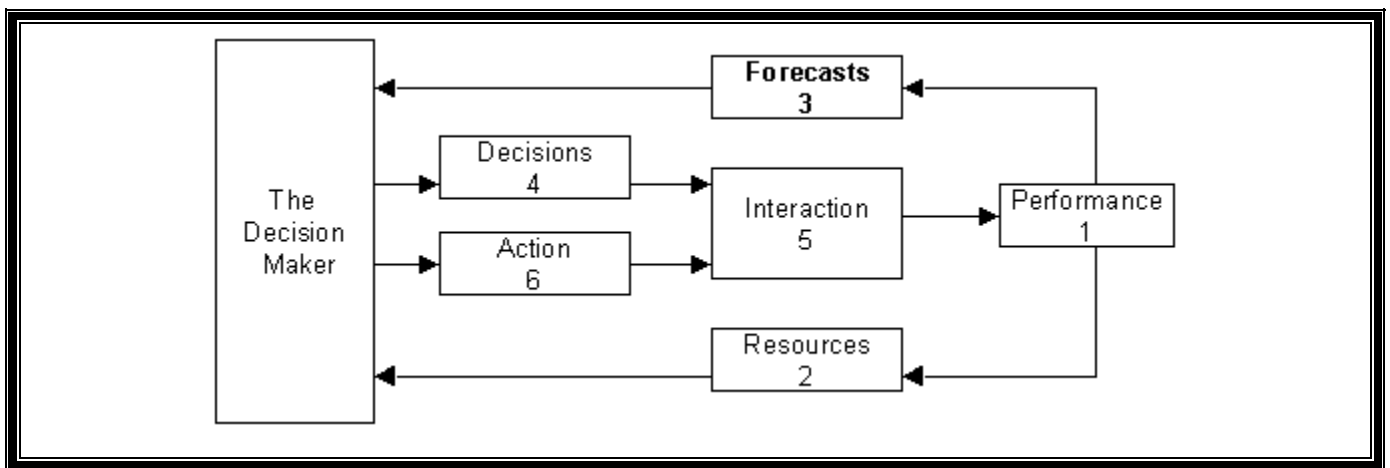


Figure 4.1: Forecasting and managerial decision-making (Source: Arsham, 2014)

Figure 4.1 depicts the value creation cycle; such information is paramount in communicating with the stakeholders.

4.8 HYPOTHESES TESTING

The purpose of the study was to develop a SI that complements the components of integrated reports for value creation, accountability and transparency. The hypotheses formulated around the variables established that there was a correlation between developed SI and value creation. Thus, the study elucidated that the SI would be instrumental in unlocking value from the integrated report. The positive and significant link established between SI and stakeholder value creation highlighted the importance of the instrument in complementing the integrated reports.

4.9 ETHICAL CONSIDERATIONS

The researcher treated all respondents with respect and integrity. The researcher appraised the respondents on the intention of the study and their participation was voluntary. The researcher promised a copy of the stakeholder instrument for which the respondents had helped to create. This was to enable transparency and earn trust from the respondents.

The researcher addressed the following ethical issues during the research:

- a) During recruitment, the researcher informed the respondents about the process and objective of the study. The researcher further advised the respondents that participation was voluntary and therefore their consent to participate was vital in the development of the stakeholder instrument.
- b) During data collection, the researcher ensured that the data used in the study were correct and there was no bias nor favour. The researcher also ensured that the research remained within the scope of the study and the data available. The researcher used the data collected for the purposes of the study only and there was no damage to the reputation of the organisation and its employees.
- c) In administering the questionnaire, the researcher gave the respondents ample time to provide responses. This assisted in getting informative feedback.

In general, the researcher ensured protection of respondents from any damage that could befall them. The researcher ensured that the study conformed to all ethical considerations as indicated in the UNISA Graduate School of Business Leadership ethics policy book.

4.9.1 Plagiarism

The researcher acknowledged the use of other researchers' information.

4.9.2 Falsification of results

The researcher ensured the findings were without alteration or manipulation.

4.10 VALIDITY AND RELIABILITY

Du Plooy-Cilliers, Davis and Bezuidenhout (2015: 254-260) posit that reliability is about the credibility of the research and its demand for consistency. On the other hand, validity pertains to the research having served its purpose.

The researcher ensured that the questionnaire reflected the reality of the constructs under investigation. Table 4.1 depicted the types of validity encountered in the research.

Table 4.1 Types of validity encountered during the research

Type of validity	Explanation
<i>Content validity and sampling validity</i>	<ul style="list-style-type: none">• The sample represented both the internal and external stakeholders.• The instrument represented all the attributes of integrated reporting.
<i>Construct validity</i>	<ul style="list-style-type: none">• The instrument corresponded with other variables being measured• The instrument measured the stakeholders' value created by integrated reports.

	<ul style="list-style-type: none">• The developed stakeholder instrument complemented the integrated reports in measuring the value created for stakeholders.
--	---

Source: Du Plooy-Cilliers, Davis and Bezuidenhout (2015: 254-260)

4.11 CHAPTER SUMMARY

The researcher determined the attributes linked to stakeholder value creation. The measurement of the variables involved methods and techniques appropriate for interrogating the research questions and hypothesis.

In this chapter, the researcher discussed the aim of the empirical investigation. The sample was discussed, together with the measuring instruments which included the design of the study and method. A description of the data analysis process was given, and an overview of ethical considerations undertaken.

The results of the study are presented in Chapter 5.

CHAPTER 5:

RESULTS

5.1 INTRODUCTION

This chapter presents the results from the survey conducted on organisations listed on the JSE and the users of integrated reports. The main objective of the study was to determine and develop a framework that provided factual and succinct information on financial and non-financial measures for stakeholders. Furthermore, the study investigated the perceived influence of financial and non-financial measures and related them to stakeholder value creation, the concept of transparency and accountability. The researcher modelled the extent of correlation between financial and non-financial measures in relation to the associated influence on stakeholder value creation, accountability and transparency.

The results included a description of the sample, demographics, descriptive analyses, plotting of histograms and normal curves, testing the skewness and kurtosis of the distribution of responses for each item, assessment of reliability, validity analysis, application of Kaiser-Meyer-Olkin (KMO) tests, Pairwise correlation for the attributes indices, normality tests for indices and of attributes and regression analyses as per the hypotheses.

5.2 SAMPLE DESCRIPTION

The total sample size constituted of 80 respondents from the following sectors: mining, construction and engineering, manufacturing and general trading, integrated services and IT, telecommunications and support services. Therefore, the researcher performed statistical analysis using 80 questionnaires. Section A of the questionnaire consisted of Q1 and Q2 to give insight into the demographics of the participants.

5.3 RELIABILITY

In order to assess reliability, a measure of the scale's internal consistency, that is, whether the aspects in each attribute are all measuring the same underlying construct, Cronbach's alpha coefficients were calculated. The response scale that was used in the questionnaire, which is

precisely a Likert scale as noted earlier in the study, is ordinal with categories of strongly disagree (1), disagree (2), neutral (3) agree (4) and strongly agree (5). According to Manerikar and Manerikar (2015: 117-119), if the level of reliability is $\geq .9$, *it is excellent* (high-stakes testing); $\geq .7$ *it is good* (low-stakes testing); $\geq .5$ *it is acceptable*, and $< .5$ *it is unacceptable*. Table 5.1 shows the results of the internal consistency of the instrument using Cronbach's alpha.

Table 5: Reliability Analysis Results of the Constructs

Constructs	Number of items	Cronbach's alpha	Acceptable Level
Integrated reports	4	0.79	Good
Corporate governance	3	0.52	Acceptable
Value creation	3	0.52	Acceptable
Financial measures	8	0.70	Good
Non-Financial measures	9	0.86	Good
Total	27	0.68	Good

As shown in Table 5 above, the measurement reliability for all the attributes was good. The highest score of 0.86 was on the non-financial measures, followed by integrated reports, and then the financial measures. The corporate governance and value creation constructs have the lowest alphas, although acceptable. All the five scores warrant the use of the selected items in the constructs and support the application of principal component analysis on the reliability analysis. Manerikar and Manerikar (2015) posited that if the level of reliability, as measured by alpha was above 0.50, it means that the instrument was acceptable and reliable. However, higher scores of alpha are always desirable. Therefore, scores above 0.70 are good and reliable, Table 5 above shows that the results of the internal consistency of the instrument using Cronbach alpha are between acceptable and good.

5.4 DEMOGRAPHICS

As advised by Koehler and Raithel (2018), a clear distinction between the stakeholder groups was established based the type of relationship and degree of identification with the organisation. Stakeholders' status i.e. whether internal or external, and sector, are presented in this section.

Table 5.1: Status of the stakeholders

Status	Frequency	Percentage
Internal stakeholder	47	58.75
External stakeholder	33	41.25
Total	80	100.00

Note: Internal stakeholders include management, employees and unions. External stakeholders include shareholders, customers, suppliers, lenders, stakeholder analysts, government representatives, environmentalists.

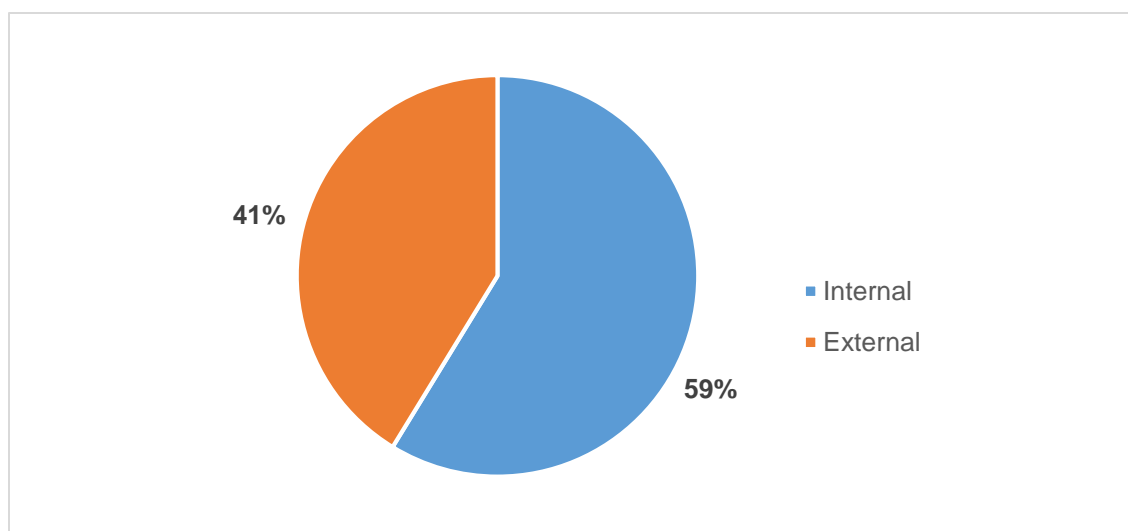


Figure 5.0: Status of stakeholders interviewed

As represented by Table 5.1 and Figure 5 above, show that there is reasonable representation of stakeholders from the internal (41%) and external (59%) side. The researcher analysed 42 integrated reports from different industry sectors as depicted in Table 5.2 (b).

Table 2.2 (a & b): Sectors from which stakeholders represented

Sector	Frequency	Percentage
Mining	13	16.25
Construction and Engineering	11	13.75
Manufacturing and General Trading	29	36.25
Integrated Services	15	18.75
Information Technology, Telecommunications and support services	12	15.00
Total	80	100.00

(b): Sectors of JSE companies' Integrated Reports Analysed

Sector	Frequency	Percentage
Mining	2	4.76
Construction and Engineering	10	23.81
Manufacturing and General Trading	10	23.81
Financial Services	10	23.81
Information Technology, Telecommunications and Support Services	10	23.81
Total	42	100.00

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

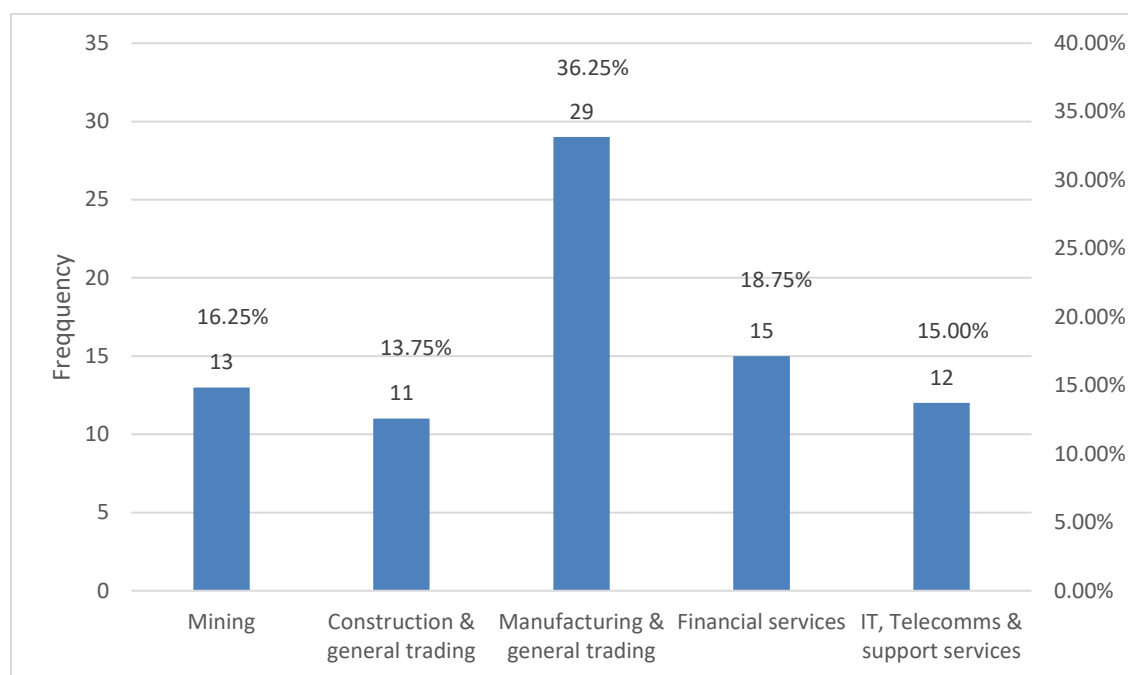


Figure 5.1: Sector of the stakeholders

Despite the random sampling of the stakeholders into sectors, manufacturing and general trading sector emerged as an overrepresented sector in the sample compared to other sectors. All the other sectors made contributions ranging from 13.75% to 18.75%, while the manufacturing and trading sector comprised 36.25%.

Table 5.3: Sector of the stakeholders, by status

Sector of stakeholders	Status of stakeholders			Chi ² test
	Internal	External	Total	
Mining	53.85	46.15	100	5.5096 (0.23)
Construction and Engineering	54.55	45.45	100	
Manufacturing and General Trading	62.07	37.93	100	
Integrated Services	40.00	60.00	100	
Information Technology, Telecommunications and support services	83.33	16.67	100	
Total	58.75	41.24	100	

Note: p-value for the Pearson χ^2 presented in brackets.

As was expected, the Pearson χ^2 is insignificant at 5% significance level, a confirmation that it was by chance that the respondents fell either into the internal or external groupings as well as into any of the five industry sectors.

5.5 MEASURES OF CENTRAL TENDENCY AND SPREAD FOR THE ATTRIBUTES OF COMPONENTS OF THE INSTRUMENT

This section provides the means, medians, standard deviations and ranges of the responses for each item posed on the questionnaire. This descriptive work provides a picture of how the respondents viewed and answered the questions.

Table 5.4: Descriptive statistics for attributes of components of the instrument (n = 80)

Attribute	Mean	Median	Standard deviation	Smallest value	Largest value
Integrated reports (IRs):					
Are easy to read, understandable and helpful	3.26	3.00	1.00	1	5
Provide insight into business operations	3.33	4.00	0.98	2	5
Clearly define organisation's objectives	3.17	3.00	1.00	2	5
Depict management credibility	3.25	3.00	0.96	1	5
Corporate governance:					
Board members appointed indefinitely	2.71	2.00	1.37	1	5
Top management appointed for defined period	3.98	4.00	0.78	2	5
Organisation invests >3% of its revenue in CSI/CSR	4.01	4.00	0.93	1	5
Top management measured and incentivized as per success in strategic and corporate citizenry goals	4.50	5.00	0.74	2	5
Value					

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

Attribute	Mean	Median	Standard deviation	Smallest value	Largest value
Organisation must present both economic and accounting profits in the IRs	3.88	4.00	0.65	2	5
IRs are transparent and represent a fair and honest account of business operations	4.52	4.00	0.79	2	5
Economic and accounting profits have equal weighting in determining value in business	3.93	4.00	0.58	2	5
Organisation must disclose the book value per share including all leased assets (operating and integrated leases) in the IRs	3.72	4.00	0.88	2	5
Financial measures					
The age of assets must be disclosed in the IR	4.12	4.00	0.46	2	5
Off balance sheet assets must be disclosed in the IRs	4.15	4.00	0.53	2	5
Contingency liabilities' disclosure must include both probable and non-probable in the in the IRs	4.43	4.00	0.52	3	5
Organisation must disclose customers' days in the IRs	4.35	4.00	0.61	2	5
Organisation must invest > 1% of salaries and wages on employee training and development	4.37	5.00	0.73	2	5
Organisation must disclose staff turnover rate in the IRs	4.15	4.00	0.53	3	5
Organisation must disclose creditors' days in the IRs	4.47	4.50	0.55	3	5
Organisation must show 3 possible outcomes of its strategy in the IRs	4.42	4.50	0.63	3	5
Non-Financial measures					
Organisation must disclose its price competitiveness in the IRs	3.92	4.00	0.91	1	5

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

Attribute	Mean	Median	Standard deviation	Smallest value	Largest value
Organisation must disclose the amount of product or service reworks in the IRs	4.32	4.00	0.63	1	5
Organisation must disclose a list of its major suppliers in the IRs	4.36	5.00	0.79	2	5
Organisation must disclose average age of the relationship with major suppliers in the IRs	4.17	4.00	0.63	3	5
Organisation must disclose the size of the market it operates in, in the IRs	4.31	4.00	0.75	3	5
Organisation must disclose its market share in the IRs	4.53	5.00	0.61	3	5
Organisation must disclose its employee satisfaction index in the IRs	4.42	4.50	0.63	3	5
Organisation must disclose the number of new products or services introduced during the integrated year	4.36	4.00	0.64	3	5
Organisation must disclose the total costs for research and development in the IRs	4.40	4.00	0.62	3	5

Table 5.4 presents a summary of items in each attribute. There were five attributes: integrated reporting, corporate governance, value creation, financial measures, and non-financial measures. Each of the 80 respondents completed all the items presented in the questionnaire. There was no missing data problem in the dataset and this was important, considering that the sample size was not very large but sufficed to allow statistical analysis ($n > 30$) according to the central limit theory (LaMorte, 2016). Each item is measured using a Likert scale ranging from strongly disagree (1) to strongly agree (5).

5.6 DESCRIPTIVE STATISTICS ON EACH ITEM OF THE STAKEHOLDER INSTRUMENT (SI)

The respondents were required to give their personal ratings using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) on information pertaining to value creation, accountability and transparency. The constructs were:

- Integrated reports
- Corporate governance
- Value
- Financial measures
- Non-financial measures

The researcher used frequencies, means and standard deviations to discuss the constructs.

5.6.1 Integrated reports

This construct of the instrument related to the perception of respondents on the characteristics of the integrated reports.

Table 5.4: Summary of responses on integrated reports

Attributes	Level of agreement					Mean	Standard Deviation
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
Integrated Reports							
Are easy to read, understandable and helpful	7.50%	11.25%	35.00%	40.00%	6.25%	3.26	1.00
Provide insight into business operations	27.50%	0.00%	20.00%	43.75%	8.75%	3.33	0.98
Clearly define organisation's objectives	0.00%	33.75%	23.75%	33.75%	8.75%	3.17	1.00

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

Depict management credibility	2.75%	22.50%	28.75%	40.00%	6.25%	3.25	0.96
-------------------------------	-------	--------	--------	--------	-------	------	------

As shown in Table 5.4, 46.25% of the respondents indicated that they are in agreement with the claim that integrated reports are easy to read, understandable and helpful, 18.75% did not agree with the claim, while 35% of the respondents were indifferent. On the same Table 5.4, 52.50% of the respondents agreed that integrated reports provide insight into business operations, while 47.50% of the sample was either indifferent or in disagreement with the claim. Furthermore, 57.50% of the respondents disagreed with the claim that integrated reports define the organisation's objectives, while 42.50% of the respondents were indifferent. The result further strengthens the need for a SI that will provide precise and succinct information of the strategic intent and objections of the organisation. About 25% of the sample perceived that integrated reports need to depict the credibility of management, 46% actually felt that they do not. Table 5.4 shows that 28.75% of respondents picked 'neutral' on the Likert scale, an indication of being indifferent to the claim. Overall, the distribution of the responses justifies the need to interrogate this aspect of the integrated reports especially when we compare those that agree and those that feel otherwise.

The integrated reporting items had average values ranging from 3.17 to 3.33. The measure of spread as reflected by the standard deviation values ranged from 0.96 to 1.00. The mean values point to the fact that many respondents were either neutral or agreed to the statements provided. The respondents who held a neutral view on integrated reports indicated their indifference in the purpose of the integrated reports. The choice of neutral implied that respondents were not sure about the contents of the integrated reports and failed to see any value from it. Furthermore, the choice of neutral by the respondents depicted the disjuncture that existed between preparers of integrated reports and their recipients.

Overall, there is no clear and overwhelming evidence on the position of the stakeholders about the integrated reports' provision of insight into the operations of the business. While slightly more than half agreed, the other half (almost), either disagreed or were neutral.

5.6.2 Corporate Governance of the Organisation

This attribute focused on the appointment of board members, appointment of top management, measurement and incentives for the top management, and the investments of revenue in the Corporate Social Investment / Corporate Social Responsibility. The attribute seeks to address the corporate governance agenda of the organisation.

Table 5.5: Summary of responses on Corporate Governance

Attributes	Level of agreement					Mean	Standard Deviation
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
Corporate Governance							
Board members appointed indefinitely	26.25%	26.25%	3.75%	37.50%	6.25%	2.71	1.37
Top management appointed for defined period	0.00%	7.50%	8.75%	61.25%	22.50%	3.98	0.78
Organisation invests >3% of its revenue in CSI/CSR	2.50%	2.50%	20.00%	41.25%	33.75%	4.01	0.93
Top management measured and incentivised as per success in strategic and corporate citizenry goals	0.00%	2.50%	7.50%	27.50%	62.50%	4.50	0.74

While 3,75% of the respondents showed indifference to the claims as shown in Table 5.5, 52.50% did not agree with the suggestion that board members be appointed indefinitely. This is a significant proportion of the sample. On the other hand, 43,75% of the sample agreed with the suggestion. For the corporate governance items, only the item 'board members must be appointed indefinitely' gave a low mean of 2.71, although its spread was wider than all other items as reflected by standard deviation of 1.37. This result implied that the respondents want

to see the board members serving defined terms, rather than being appointed indefinitely. The other three items have high mean values ranging from 3.98 to 4.50.

In relation to the appointment of top management for a defined period as indicated in Table 5.6, one can argue that the results are in line with expectations. The figure shows that 83.75% of the respondents perceived to be a good corporate governance practice whereas 7.5% disagreed and 8.75% were neutral. The results for the corporate governance items were as expected. One would expect that respondents would disagree with the claim that the board members must be appointed indefinitely. However, it was expected that respondents would be in agreement with appointment of top management for a definite period, organisation investing more than 3% of revenue in CSI/ CSR, and top management being measured and incentivised in accordance with their success in achieving strategic and corporate citizenry goals.

Three quarters (75%) of the sample, as shown on Table 5.6, indicates that the organisation should invest more than 3% of its revenue in CSI/ CSR. While a fifth (20%) of the respondents were indifferent, only 5% said that the organisation should not invest more than 3% of its revenue in CSI/ CSR. An overwhelming positive response showed how critical the aspect of social investment is viewed by the stakeholders.

Furthermore, the item relating to the point that assessment and incentives of top management should be linked to success in meeting strategic and corporate citizenry goals provides a clear message where nine in every ten respondents answered positively. Only 2.5% disagreed with the statement while 7.5% were neutral. The overall observation is that stakeholders prefer organisations that conform to corporate governance practises.

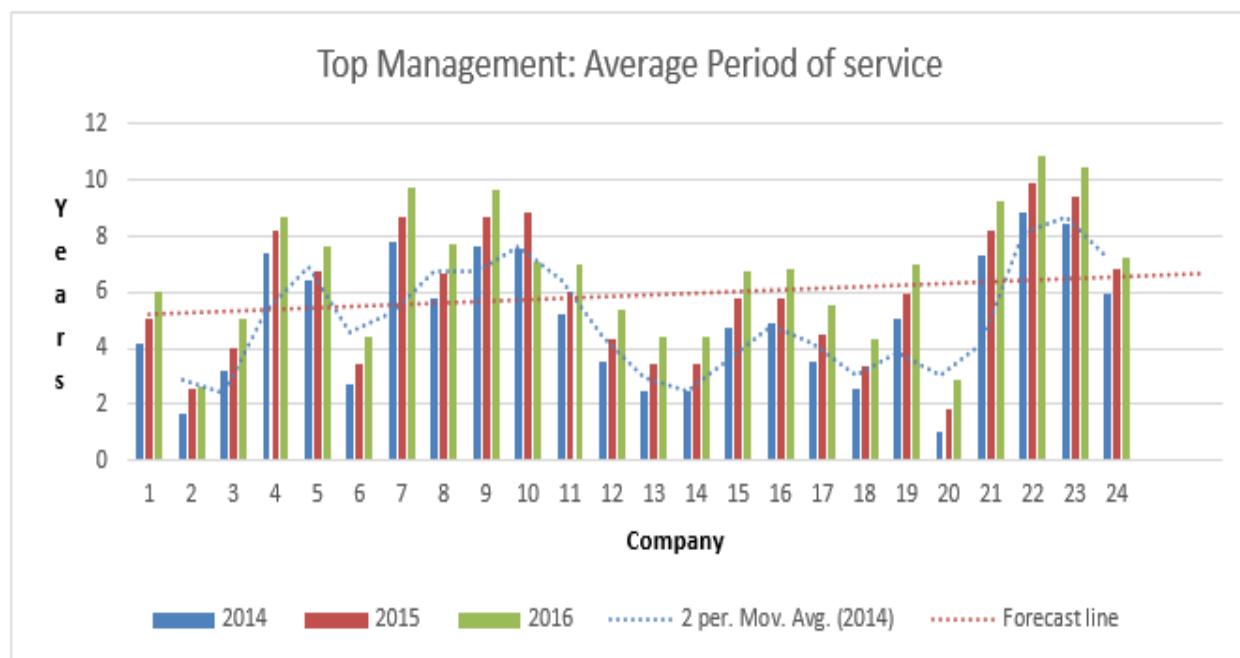


Figure 5.2: Average period of service for top management (Documentary analysis)

Figure 5.2 (derived from the document analysis) depicts that top management's tenure at the helm of organisations varies considerably, with some organisations having an average period of service exceeding 10 years. The research results indicate that the stakeholders would like to see top management appointed for a defined period. This is critical in maintaining high levels of accountability and transparency.

5.6.3 Value Creation

There were four items in the proposed SI that attempt to measure value created by an organisation. These items focused on whether the organisation must present both economic and accounting profits in the IRs. Also focused on whether IRs are transparent and represent a fair and honest account of business operations; whether economic and accounting profits should have equal weighting in determining value in business; and finally, whether the disclosure of book value per share should include all leased assets in the IRs. Kimball (1998: 35-53) stipulates that an organisation earns economic profit when the earnings exceed the returns it might earn on other investments. Holian and Reza (2011: 527-529) advise that accounting profit excludes the opportunity cost of capital.

Table 5.6: Summary of responses on value creation

Attributes	Level of agreement					Mean	Standard Deviation
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
Value Creation							
Organisation must present both economic and accounting profits in the IRs	0.00%	2.50%	20.00%	63.75%	13.75%	3.88	0.65
IRs are transparent and represent a fair and honest account of business operations	0.00%	15.00%	21.25%	60.00%	3.75%	4.52	0.79
Economic and accounting profits have equal weighting in determining value in business	0.00%	2.50%	12.50%	73.75%	11.25%	3.93	0.58
Organisation must disclose the book value per share including all leased assets in the IRs	0.00%	12.50%	18.75%	52.50%	16.25%	3.72	0.88

Table 5.6 shows that 77.5% responded positively to the item of both economic and accounting profits needing to be present in the IRs. A fifth (20%) of the sample was indifferent and only 2.5% disagreed with the statement. Economic and accounting profits depict two different perspectives of the performance of the organisation. Whilst economic profit takes into account the opportunity cost, accounting profit remains subjective due to management's discretion on estimates. Therefore, the respondents understood their importance and hence wanted both of them reflected in the integrated report. On the same Table 5.6, 63.75% of the respondents indicated that integrated reports are transparent and represent a fair and honest account of business operations, while 21.25% of the respondents were indifferent and 15% disagreed with the statement.

Regarding the statement that economic and accounting profits should have equal weighting in business value determination, 85% of the respondents were in agreement as shown on Table 5.6; 12.5% of the respondents were indifferent and 2.5% were in disagreement. On the issue of book value, 68.75% of the respondents agreed with the statement indicating that integrated reports should disclose the book value per share including leased assets; 18.75% were indifferent and 12.50% disagreed with the statement.

The value component of the questionnaire had four items whose means ranged from 3.72 to 4.52. Many respondents selected the upper part of the Likert scale showing that they agreed or strongly agreed. In fact, no respondent strongly disagreed with any of the items as reflected by the smallest value being reported as 2. While the items on 'organisation must present both economic and accounting profits in the integrated reports' and 'organisation must disclose the book value per share including all leased assets in the integrated reports' pointed to the expected results, the other two items seemed to go against expectations to the extent that some respondents were indifferent, and some were in disagreement.

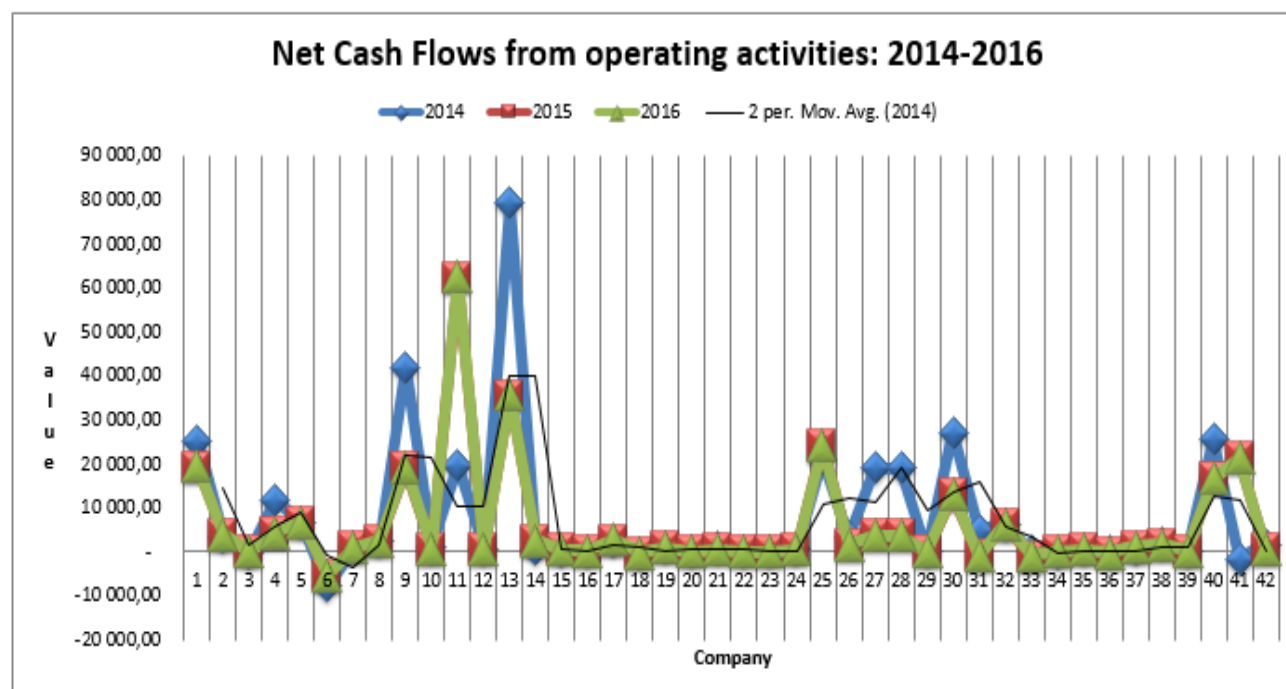


Figure 5.3: Summary of net cash flows from operating activities between 2014 and 2016 (Documentary analysis)

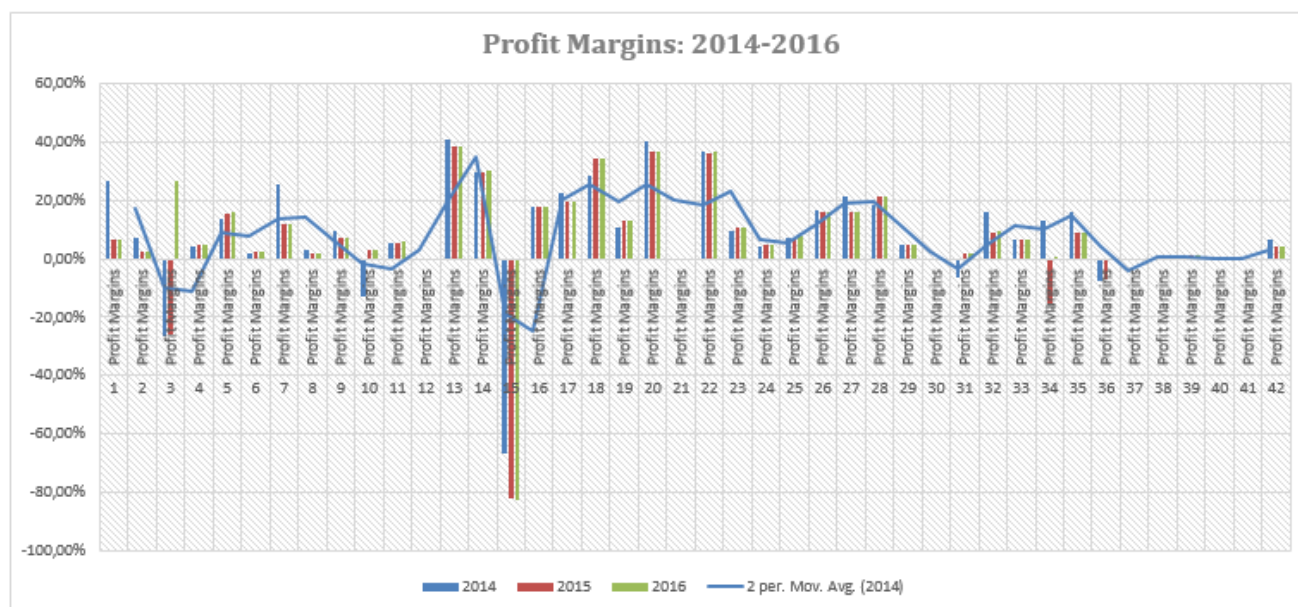


Figure 5.4: Summary of profit margins between 2014 and 2016 (Documentary analysis)

Both figures 5.3 and 5.4 depict that there have been inconsistencies in the value chain. Though some of the organisational performance can be attributed to challenging economic activities, it is also evident that management has not been able to adapt to the changes. The erratic cash flows and profit margins could have been managed effectively through innovation and effective strategic approaches as depicted in figures 5.3 and 5.4 respectively. One can see that the net cash flows from operating activities for 2016 financial year are much more less as compared to same activities for 2014. Furthermore, the profit margins for 2016 were not as attractive as in 2014.

5.6.4 Financial Measures

Financial measures measure the overall financial health of an organisation. Stakeholders use financial measures as a barometer of an organisation's success. Therefore, table 5.8 constitute the responses from stakeholders regarding their views on the financial measures communicated through the integrated reports.

Table 5.7: Summary of responses on financial measures

Attributes	Level of agreement					Mean	Standard Deviation
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
Financial Measures							
The age of assets must be disclosed in the IR	0.00%	1.25%	1.25%	81.25%	16.25%	4.12	0.46
Off balance sheet assets must be disclosed in the IRs	0.00%	1.25%	3.75%	73.75%	21.25%	4.15	0.53
Contingency liabilities' disclosure must include both probable and non-probable in the in the IRs	0.00%	0.00%	1.25%	53.75%	45.00%	4.43	0.52
Organisation must disclose customers' days in the IRs	0.00%	1.25%	3.75%	53.75%	41.25%	4.35	0.61
Organisation must invest > 1% of salaries and wages on employee training and development	0.00%	1.25%	11.25%	36.25%	51.25%	4.37	0.73
Organisation must disclose staff turnover rate in the IRs	0.00%	0.00%	7.50%	70.00%	22.50%	4.15	0.53
Organisation must disclose creditors' days in the IRs	0.00%	0.00%	2.50%	47.50%	50.00%	4.47	0.55
Organisation must show 3 possible outcomes of its strategy in the IRs	0.00%	0.00%	7.50%	42.50%	50.00%	4.42	0.63

According to Table 5.7, 97.5% of the respondents wanted to see the age of the assets disclosed in the integrated report; 1.25% of the respondents were indifferent and the other 1.25% disagreed with the statement. Furthermore, 95% of the respondents wanted to see off-

balance-sheet assets disclosed in the integrated report, while 3.75% of the respondents were indifferent and 1.25% disagreed with the statement. At the same time, 98.75% of the respondents wanted to see contingency liabilities disclosed in the integrated reports, and 1.25% of the respondents were indifferent.

Furthermore, 95% of the respondents wanted to see customers' days disclosed in the integrated report; 3.75% of the respondents were indifferent and 1.25% were in disagreement with the statement. A further 87.50% of the respondents agreed that organisations should spend more than 1% of salaries and wages on employee training and development; 11.25% of the respondents were indifferent and 1.25% disagreed with the statement.

On staff turnover, 92.50% of the respondents wanted to see staff turnover rate disclosed in the integrated report; 7.50% of the respondents was indifferent. Whereas 97.50% of the respondents want to see creditors' days disclosed in the integrated report, 2.5% of the respondents were indifferent. In addition, 92.50% of the respondents wanted to see three possible outcomes of the strategy disclosed in the integrated report, while 7.5% of the respondents were indifferent.

Eight financial measures items posed in the questionnaire reported high mean values ranging from 4.12 to 4.47. The spread of these responses was minimal, given the standard deviation values ranging from 0.52 to 0.73. In fact, four of the eight had responses ranging from neutral to strongly agree while the other four did not report the choice 'strongly disagree' at all. The respondents thus showed the need for more disclosures of the financial measures in the integrated reports.

5.6.5 Non-Financial Measures

Non-financial measures are metrics that cannot be expressed in monetary value but yet very critical in deciphering value. Table 5.8 depicts the non-financial measures stakeholders could use to unlock value from the integrated reports.

Table 5.8: Summary of responses on non-financial measures

Attributes	Level of agreement					Mean	Standard Deviation
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
Non-Financial Measures							
Organisation must disclose its price competitiveness in the IRs	3.75%	0.00%	22.50%	47.50%	26.25%	3.92	0.91
Organisation must disclose a list of its major suppliers in the IRs	0.00%	1.25%	16.25%	27.50%	55.00%	4.36	0.79
Organisation must disclose average age of the relationship with major suppliers in the IRs	0.00%	0.00%	12.50%	57.50%	30.00%	4.17	0.63
Organisation must disclose the size of the market it operates in, in the IRs	0.00%	0.00%	17.50%	33.75%	48.75%	4.31	0.75
Organisation must disclose its market share in the IRs	0.00%	0.00%	6.25%	33.75%	60.00%	4.53	0.61
Organisation must disclose its employee satisfaction index in the IRs	0.00%	0.00%	7.50%	42.50%	50.00%	4.42	0.63
Organisation must disclose the number of new products or services introduced during the integrated year	0.00%	0.00%	8.75%	46.25%	45.00%	4.36	0.64
Organisation must disclose the total costs for research and development in the IRs	0.00%	0.00%	7.50%	45.00%	47.50%	4.40	0.62

As depicted in the Table 5.8, 73.75% of the respondents agree that the integrated report should disclose the organisation's price competitiveness, while 22.5% of the respondents were indifferent and 3.75% strongly disagreed with the statement.

Whereas 82.5% of the respondents want to see a list of major suppliers disclosed in integrated report, 16.25% were indifferent and 1.25% of the respondents disagreed with the statement. Furthermore, 87.5% of the respondents are interested in knowing the average age of relationship with major suppliers while 12.5% of the respondents are indifferent.

On the size of the market, 82.5% of the respondents wanted to see the size of the market the organisation is operating in disclosed in the integrated report although 17.5% of the respondents neither agreed nor disagreed, and 93.75% of the respondents wanted to see the market share of the organisation disclosed in the integrated report. However, 6.25% of the respondents neither agreed nor disagreed with the statement.

Furthermore, 92.5% of the respondents wanted to see the employee satisfaction index disclosed in the integrated report; 7.5% of the respondents is indifferent. Regarding number of new products, 91.25% of the respondents wanted to see the number of new products or services introduced during the integrated year disclosed in the integrated report; 8.75% of the respondents were indifferent.

On research and development, 92.5% of the respondents wanted to see total costs for research and development disclosed in the integrated report; 7.5% of the respondents were indifferent. As one would expect, all nine non-financial measures in the questionnaire reported means ranging between 3.92 and 4.53. The responses had minimal variation as reflected by narrow standard deviations. Similar to the financial measures, the responses on the non-financial measures support the crafting of the SI that addresses the concerns stakeholders have regarding integrated reports.

5.7 CHI-SQUARE TEST OF INDEPENDENCE TO DETERMINE DIFFERENCES BETWEEN THE OBSERVED AND EXPECTED VALUES ACROSS VARIABLES

The purpose of the chi-square test was to test the probability of independence of a distribution of data. The observations were randomly selected, independent from each other and normality achieved by applying the central limit theorem. The chi-square test of independence was done at 5% level of significance and the test was significant if the p-value was less than 0.05.

Table 5.9: Tests of normality based on skewness, kurtosis and joint adjusted chi² for the attributes of the instrument (n = 80)

Attribute	Skewness	kurtosis	Joint adjusted chi ²
Integrated reports (IRs):			
Are easy to read, understandable and helpful	-0.61 (0.02)	2.97 (0.75)	5.20 (0.07)
Provide insight into business operations	-0.14 (0.56)	1.81 (0.00)	17.62 (0.00)
Clearly define organisation's objectives	0.17 (0.49)	1.79 (0.00)	19.60 (0.00)
Depict management credibility	-0.25 (0.31)	2.28 (0.09)	4.02 (0.13)
Corporate governance:			
Board members appointed indefinitely	0.05 (0.83)	1.47 (0.00)	- (0.00)
Top management appointed for defined period	-0.91 (0.00)	3.97 (0.07)	11.13 (0.00)
Organisation invests >3% of its revenue in CSI/CSR	-0.96 (0.00)	4.03 (0.06)	11.86 (0.00)
Top management measured and incentivized as per success in strategic and corporate citizenry goals	-1.47 (0.00)	4.66 (0.01)	20.25 (0.00)
Value creation			
Organisation must present both economic and accounting profits in the IRs	-0.42 (0.10)	3.61 (0.17)	4.50 (0.10)
IRs are transparent and represent a fair and honest account of business operations	-0.76 (0.00)	2.65 (0.65)	7.07 (0.02)
Economic and accounting profits have equal weighting in determining value in business	-0.77 (0.00)	5.32 (0.00)	13.06 (0.00)
Organisation must disclose the book value per share including all leased assets (operating and integrated leases) in the IRs	-0.53 (0.04)	2.65 (0.64)	4.35 (0.11)
Financial measures			
The age of assets must be disclosed in the IRs	-0.31 (0.21)	8.44 (0.00)	15.26 (0.00)

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

Attribute	Skewness	kurtosis	Joint adjusted chi ²
Off balance sheet assets must be disclosed in the IRs	-0.36 (0.16)	5.76 (0.00)	10.07 (0.00)
Contingency liabilities' disclosure must include both probable and non-probable in the in the IRs	-0.01 (0.95)	1.60 (0.00)	43.28 (0.00)
Organisation must disclose customers' days in the IRs	-0.70 (0.01)	4.12 (0.05)	8.97 (0.01)
Organisation must invest > 1% of salaries and wages on employee training and development	-0.90 (0.00)	3.09 (0.58)	8.92 (0.01)
Organisation must disclose staff turnover rate in the IRs	0.14 (0.55)	3.23 (0.43)	0.97 (0.61)
Organisation must disclose creditors' days in the IRs	-0.35 (0.16)	2.01 (0.00)	9.90 (0.00)
Organisation must show 3 possible outcomes of its strategy in the IRs	-0.62 (0.02)	2.42 (0.25)	6.21 (0.04)
Non-Financial measures			
Organisation must disclose its price competitiveness in the IRs	-1.06 (0.00)	4.85 (0.01)	15.45 (0.00)
Organisation must disclose the amount of product or service reworks in the IRs	-1.59 (0.00)	10.61 (0.00)	32.92 (0.00)
Organisation must disclose a list of its major suppliers in the IRs	-0.89 (0.00)	2.62 (0.58)	8.72 (0.01)
Organisation must disclose average age of the relationship with major suppliers in the IRs	-0.15 (0.55)	2.42 (0.25)	1.72 (0.42)
Organisation must disclose the size of the market it operates in, in the IRs	-0.58 (0.03)	1.97 (0.00)	12.97 (0.00)
Organisation must disclose its market share in the IR	-0.96 (0.00)	2.90 (0.88)	9.48 (0.00)
Organisation must disclose its employee satisfaction index in the IR	-0.62 (0.02)	2.42 (0.25)	6.21 (0.04)
Organisation must disclose the number of new products or services introduced during the integrated year	-0.48 (0.06)	2.32 (0.12)	5.54 (0.06)
Organisation must disclose the total costs for research and development in the IR	-0.54 (0.04)	2.37 (0.17)	5.67 (0.05)

Table 5.9 provides tests of normality based on skewness, test of normality based on kurtosis and combines two tests into overall test statistic. Probabilities are in parenthesis. Overall, the normality tests support the idea that the items do not have a normal distribution in the responses. At the same time, there is no clear and overwhelming evidence on the position of the stakeholders about the integrated reports' provision of insight into value creation. Therefore, the distribution of the responses justified the need to interrogate the aspects of the integrated reports regarding stakeholder value creation.

5.7.1 Principal component analysis (PCA)

The Principal Component Analysis (PCA) is carried out for each of the five attributes and using the selected and approved items. Upon completion of this, an index for each attribute is constructed. Instead of entering each item in every attribute in the regression, the constructed index, which represent and summarises all the items is used. The Principal Component Analysis enabled interpretation of data more meaningfully.

Table 5.10: Correlation-matrix, KMO, eigenvalue, explained by first component

Attribute	Items	Correlation-matrix	KMO	Eigenvalue	Explained
Integrated report (IFR)	4	0.46 ⁺	0.66	2.48	0.62
Corporate governance (CG)	3	0.44 ⁺	0.50	1.53	0.51
Value (V)	3	0.34 ⁺	0.45	1.59	0.53
Financial measures (FM)	8	0.09 ⁺	0.65	2.78	0.34
Non-Integrated measures (NFM)	9	0.22 ⁺	0.81	4.51	0.50

The four items of the integrated reports attributes were subjected to principal components analysis (PCA). The correlation matrix presented show that all the coefficients were 0.46 and above. The overall Kaiser-Meyer-Olkin (KMO) value was 0.66, a figure high enough to prove the validity of empirical work. From the PCA, there is one component with eigenvalue exceeding 1 (actually, it is 2.48), explaining 62%. One component solution explains 62% of variance and there is a clear break after the first component.

The three selected items for the corporate governance presented coefficients that are 0.44 and above. The overall KMO value for this attribute is 0.50 and there is one component with eigenvalue of 1.53 (i.e. greater than 1) and explaining 51%. The results show a satisfactory break after the first component. The value attribute scores the lowest in terms of KMO, giving a value of 0.45. One component in this value attribute has an eigenvalue of 1.59 and explains 53% of the variance. The correlation matrix for value ranges from 0.34 upwards.

Whereas the financial measures and the non-financial measures as attributes have lower correlation matrices starting from 0.09 and 0.22 going upwards, respectively, the two attributes performed well in terms of the KMO which are 0.65 and 0.81 respectively. One component in financial measures had an eigenvalue of 2.78, which explains 34% of variance and for the non-financial measures, had an eigenvalue of 4.51, which explains 50% of the variance.

Overall, the principal component increased with increasing integrated reports, corporate governance, value and non-financial measures scores. In terms of value creation, the principal component suggested that integrated reports, corporate governance, value and non-financial measures vary together.

5.7.2 Pairwise correlation for the attributes indices

To gauge the relationship that exists between the indices constructed from the PCA, a pairwise correlation was carried out and the results are presented in Table 5.11.

Table 5.11: Pairwise correlation for indices representing attributes

	Integrated Reports	Corporate governance	Value Created	Financial measures
Integrated reports	1.0000			
Corporate governance	0.0838 (0.45)			
Value creation	0.5223 (0.00)	0.2432 (0.02)		
Financial measures	-0.0939 (0.40)	0.0892 (0.43)	0.2288 (0.04)	
Non-Financial measures	-0.3164 (0.00)	0.1183 (0.29)	-0.1100 (0.33)	0.6217 (0.00)

Note: significant probabilities are in parentheses

Table 5.11 above depicts integrated reports, corporate governance and value as important variables look at. The results suggest positive and highly significant correlation between value and integrated reports (corr = 0.5223; p-value = 0.00), positive and significant correlation between value and corporate governance (corr = 0.2432; p-value = 0.02), and positive and

significant correlation between value and financial measures (corr = 0.2288; p-value = 0.04). However, the correlation between value and non-financial measures is insignificant. These pairwise correlation results require application of regression analysis to confirm or refute the hypotheses in the study.

The conclusion of the pairwise correlation depict an association of value creation with integrated reports, corporate governance and financial measures.

5.7.3 Normality tests for indices of attributes

Normality tests were used to determine if a data set was well-modelled by a normal distribution and to compute how possible for a random variable underlying the data set to be normally distributed. Table 5.12 shows the skewness and kurtosis of the chosen attributes of the integrated reports.

Table 5.12: Tests of normality for the indices representing attributes in the instrument

Attribute	Observations	Pr (skewness)	Pr (kurtosis)	Joint	
				Adjusted chi ²	Prob > chi ²
Integrated reports	80	0.5306	0.0069	7.02	0.0299
Corporate governance	80	0.0136	0.4791	6.18	0.0455
Value creation	80	0.3201	0.3621	1.88	0.3912
Financial measures	80	0.6835	0.0144	5.85	0.0536
Non-Financial measures	80	0.0439	0.0317	7.75	0.0208

Based on the normality tests for the indices constructed from the PCA, the value creation index shows that it is normally distributed and one cannot reject the claim using the skewness, kurtosis or joint adjusted chi². Basing on skewness, one cannot reject the hypothesis that the integrated report and financial measures indices are normally distributed. As alluded to earlier on, the correlation established above warranted the running of regressions to ascertain any explanatory power of the given attributes on value creation.

5.8 REGRESSION ANALYSIS

Controlling for the sector and the status of the respondent, multiple regressions were run to establish the explanatory power of the key attributes on value creation. The first regression function focuses on the influence of the integrated report. The second regression function focuses on corporate governance. The third regression analysis examines the impact of financial measures on value creation. Lastly, the impact of non-financial measures on value creation is examined in the fourth regression function. Given that each attribute has a certain number of items, indices that were constructed through the exploitation of PCA were employed and the results are summarised in Table 5.13.

The regression functions that give results in Table 5.14 can be represented as follows:

Value creation = f (integrated report index; demographics) (i)

Value creation = f (corporate governance index; demographics) (ii)

Value creation = f (financial measures index; demographics) (iii)

Value creation = f (non-financial measures index; demographics) (iv)

Table 5.13: Summary of regression results

Independent variables	(i) Dependent variable: value creation	(ii) Dependent variable: value creation	(iii) Dependent variable: value creation	(iv) Dependent variable: value creation
Integrated report	0.43*** (5.27)			
Corporate governance		0.28** (2.42)		
Financial measures			0.18** (2.10)	
Non-Financial measures				-0.06 (0.87)
Constant	0.00 (0.02)	-0.12 (0.32)	-0.06 (0.17)	0.04 (0.11)
Number of observations	80	80	80	80
F-value (p-value)	4.87 (0.00)	1.17 (0.33)	0.92 (0.48)	0.30 (0.93)

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

R-squared	0.2859	0.0874	0.0705	0.0242
Demographics	Yes	Yes	Yes	Yes

Notes: ***p < 0.01, **p < 0.05, *p < 0.10; t-values are in parenthesis; Two controlling variables are added i.e. stakeholder status assuming values (1 = external) and (2 = internal), and sector of the stakeholder assuming values (1 = mining), (2 = construction and engineering), (3 = manufacturing and general trading), (4 = integrated services) and (5 = information technology, telecommunications and support services).

For the sake of brevity, the results indicate the inclusion of the sector and status as 'demographics' without giving details of the results. Since they are controls and the regressions also showed that they are not significant, there is no need to give the detail of these control variables.

5.8.1 Integrated Reports and Value Creation

The regression analysis shows that integrated report attribute is a significant covariate. Having a higher index value in terms of the integrated report attribute raises the index of value creation and that is highly significant. In other words, a favourable score in terms of the integrated report, as drawn from the items within this attribute, is statistically established to have favourable results with respect to value creation by the organisation. This is in line with expectations. One would expect that when the integrated reports perform well in terms of readability, understandability, and giving help; in terms of giving insight into the operations of the business; in terms of defining the objectives of the organisation; and depicting the credibility of the management, then that will have a positive and favourable influence on the value creation of the organisation. The data from the sample in this study just indicate that. The result augurs well with the purpose of the stakeholder instrument in complementing the integrated reports by illuminating the salient information that needed by stakeholders in making informed decisions.

5.8.2 Corporate Governance and Value Creation

A priori, good corporate governance practices are an important component in achieving the value creation goals. A positive and significant influence is therefore expected for the impact of corporate governance on value creation of the organisation. The results, as presented in Table 5.13 suggest that corporate governance positively and significantly, influences value

creation. Organisations that have good corporate governance practices tend to perform well in terms of value creation. According to the study, stakeholders agreed that good corporate governance systems influence value creation in organisations. This observation is critical in validating the development of the stakeholder instrument (SI).

5.8.3 Financial Measures and Value Creation

The regression results presented in Table 5.13 are in line with the expectations indicating that financial measures must positively influence value creation of an organisation. According to regression analysis summarises, controlling for demographics, the index that represents financial measures is observed to influence the index that represents value creation of the organisation. In other words, any mechanism that attends to the items represented in financial measures, and raises the perceptions of the stakeholders, is bound to influence the value creation for the organisation. Stakeholders are fully aware of the importance of the integrated reports, but they believe that there is more value in consolidating and depicting the most pertinent and relevant financial measures. Stakeholders found the following disclosure items important:

- Economic Value Analysis,
- Risk and Reward Analysis,
- Scenario Planning,
- Customer Focus, and
- Human Resources.

5.8.4 Non-Financial Measures and Value Creation

The non-financial measures index was found to have no impact on value creation. The regression results confirm the pairwise correlation results between these two variables in Table 5.13. The current sample suggests that value creation was not a function of non-financial measures items presented in the stakeholder instrument. However, Table 5.13 depicted a strong relationship between non-financial measures and financial measures. The inclusion of non-financial measures in the stakeholder instrument has support in literature. Banker, Potter

and Srinivasan (2000) stipulated that non-financial measures are better predictors of long-term financial performance than financial measures. Furthermore, DeBusk, Killough and Brown (2015: 61-89) highlighted that accountants are biased towards financial measures by virtue of their training. Therefore, stakeholders are more familiar with financial measures than non-financial measures.

5.9 CHAPTER SUMMARY

The findings of the study have elucidated the complementary nature of the stakeholder instrument (SI). The findings further highlighted that the analysis of the collected data support both the objectives and hypotheses of the study. Although the findings of the study failed to establish a strong correlation between value creation and non-financial measures, nonetheless, the link between non-financial and financial measures was significant. The findings of the study depicted the need to refine the presentation of the integrated reports by making it more relevant and meaningful to the stakeholders. Therefore, the introduction of a complementary report in the form of a stakeholder instrument is refreshing and value adding. The following chapter presents the conclusions, study implications, study limitations and recommendations to stakeholders.

CHAPTER 6:

CONCLUSIONS AND IMPLICATIONS

6.1 INTRODUCTION

The purpose of this chapter is to provide the conclusions, discussions, implications and recommendations of the study. The chapter will start by summarising the study key findings and highlighting the study contribution by discussing the study implications on theory and practice as well as providing recommendations to key stakeholders. The researcher developed a stakeholder instrument, which could serve as a guideline in evaluating stakeholder value creation. Based on the results and findings of the research, this section discusses each research objective, conclusions, implications and recommendations.

6.2 BRIEF REVIEW OF THE STUDY

The study was conducted across all major industries on the JSE. This included the following sectors: Mining, Construction and Engineering, Manufacturing and General Trading, Integrated Services and IT, Telecommunications and Support Services. Furthermore, the study found the following attributes to be critical factors of value creation:

- Integrated Report,
- Corporate Governance,
- Value Creation,
- Financial Measures, and
- Non-Financial Measures.

The organisations in the survey were representative of the industry sectors on the JSE. As alluded to by Koehler and Raithel (2018), stakeholders must be determined based on the type of relationship with the organisation. Thus, the respondents were divided into two distinct groups. Internal stakeholders included management, employees and unions. External stakeholders included shareholders, customers, suppliers, lenders, stakeholder analysts, government representatives, and environmentalists.

Lepak, Smith and Taylor (2007: 180-194) and Priem (2007: 219-235) placed value creation as the epicentre of strategic management and that it forms part of both the micro and the macro levels. This point is the fulcrum of this study. When stakeholders get information that is of high quality, truthful and is easily decipherable, the outcomes are invaluable. Thus, the SI's sole purpose is to be a catalyst to effective communication, purposeful dissemination.

According to Whittington (1999: 181-188) management's responsibility is to prepare integrated reports and manage the stakeholder-management relationship. The literature has revealed the unevenness of information between the stakeholders and management. Management knows more than the stakeholders do, although integrated reports are supposed to redress this imbalance at all times. The effectiveness of integrated reports depends upon stakeholders being able to trust management to tell the truth.

6.3 SUMMARY OF THE RESULTS

The research has been on point in articulating the different views of stakeholders on the integrated reports as highlighted by IIRC (2013). The research on the SI illuminated the main issues stakeholders want to see in integrated reports. Furthermore, IIRC (2013: 7, 8) stipulated that the integrated reports can be complemented with any specific information that is beyond that required by the integrated reporting framework. This is in accordance with the existing corporate rules on providing critical information to stakeholders. The SI conforms to the observations made by PWC (2013), which depicted the needs of stakeholders of having integration between strategic focus, accountability and report inclusive of all regulatory changes.

The study of literature revealed that integrated reports must continuously evolve to address the issues of value creation for stakeholders. As indicated by PwC (2014), integrated reports by leading South African organisations have revealed a number of shortcomings in disclosure trends and have identified opportunities for better integration of key performance measures. Furthermore, a review of integrated reports by Solomon and Maroun (2012) confirms that there are challenges faced by preparers and that there is room for improvement.

On the other hand, IIRC (2013) concurred that there has been no research exploring the opinions of different stakeholders on the first set of integrated reports. Thus, this study is indicative of the stakeholders' perspective on integrated reports. Stakeholders indicated that the attributes of value creation, integrated report, corporate governance, financial measures and non-financial measures were influential in their decision-making. The stakeholder instrument represents the voice of stakeholders and raises the standard of reporting, thus increasing transparency and accountability.

Transparency and accountability are the cornerstones of a good decision-making framework. As alluded to by Osborne (2004: 292-300), transparency means helping stakeholders to see into systems and understand why decisions are taken and accountability is viewed as a valuable antidote to corruption and indicates to whom account should be given and how reports should be checked. The SI will increase both transparency and accountability thus bringing a radical change of work culture from a default setting of secrecy to one of openness.

Stakeholders have a right to know the activities taking place at the organisations in which they have stakes. As alluded to by Proimos (2005: 75-84), organisations' inability to provide timely and balanced disclosure of all material matters concerning the organisation, nurtures poor corporate governance practices. Shareholders and other stakeholders are constantly unaware of the organisation's true performance and its corporate governance practices. So effectively, the stakeholders are making decisions incorrectly due to missing or misleading information. Talamo (2011: 228-243) stated that there is a difference between corporate governance and management. Thus, management is about running the organisation and corporate governance is about ensuring that the organisation runs properly.

The study has illuminated that stakeholders are in need of truthful, transparent and precise information. Furthermore, the stakeholders depicted that they appreciate more details and great accountability to make critical business decisions. The lack of transparency and accountability coupled with the insatiate desire for profit and incentives in the preparation of the integrated reports has been the point of departure for this study. The researcher thus developed the SI to address the critical issues of stakeholder value creation and restoration of integrity to the integrated reports.

6.3.1 Summary of results pertaining to Objective 1

Objective 1: To determine and develop a framework that provides factual and succinct information on financial and non-financial measures for stakeholders.

The purpose of the study was to determine a framework that would complement the integrated reports in creating value for its stakeholders. The researcher established through literature review that the stakeholders were not entirely satisfied with the status quo. The increased incidents of organisational collapses due to weak corporate governance systems and lack of transparency and accountability eroded the value of the integrated reports. Therefore, the SI identified important attributes that constituted value creation and these were as follows:

- Integrated reporting;
- Corporate governance;
- Financial measures; and
- Non-financial measures.

The above attributes formed the nucleus of value creation. The study depicted that respondents knew the information they wanted. The study depicted positive and significant correlations between value creation and integrated reporting, value creation and corporate governance, value creation and financial measures. The correlations between these attributes and value creation were statistically significant. A weak relationship between value creation and non-financial measures indicated no direct link between the two. However, a positive and significant relationship between financial and non-financial measures depicted a link between the two. This was critical in the final analysis of the stakeholders' instrument.

Therefore, the study supported the developed SI and thus concurred that integrated reporting, corporate governance and financial measures have significant influence on value creation. On the other hand, the stakeholders endorsed the above attributes as the cornerstones of value creation and influencers of decision-making. The respondents believed that integrated reports are a source of great value when complemented with the SI.

The study established that integrated reports alone were not enough in terms of value creation. The stakeholders found the integrated reports unable to inform, unable to be transparent and misrepresentative of value. The study found that stakeholders are nonetheless wiser after reading through the integrated reports. All the time and effort placed by stakeholders in combing through the integrated reports fail to enlighten the stakeholders on organisations' performance and forecasts. It is critical that the stakeholder instrument (SI) will be of enormous importance to stakeholders in bridging the gap in information dissemination. The SI will complement the integrated reports in elucidating the salient information on a two (2) pager. This will enhance stakeholders' decision-making mechanism and improve communication whilst strengthening relationships.

6.3.2 Summary of results pertaining to Objective 2

Objective 2: To determine the perceived influence of financial and non-financial measures and how they relate to stakeholder value creation, the concept of transparency and accountability.

The study depicted that there is a positive correlation between financial and non-financial measures. The results indicated that non-financial measures and financial measures co-exist for the betterment of the organisation. Thus, their relationship influences value creation and impact on transparency and accountability.

The respondents showed their need for more financial and non-financial measures in integrated reports. The respondents further indicated that both non-financial and financial measures are important in decision-making. In essence, the stakeholders have indicated their need for transparency and accountability in refining their decision-making. The SI is an enabling tool used to interpret integrated reports and provide information that is meaningful to the stakeholders.

6.3.3 Summary of results pertaining to Objective 3

Objective 3: To model the extent of correlation between financial and non-financial measures, as well as their associated influence on stakeholder value creation, accountability and transparency.

The results suggest a highly significant correlation between financial and non-financial measures. It is evident that financial and non-financial measures are connected and they are instrumental in value creation. This implies that stakeholders believe that information on non-financial and financial measures is critical in decision-making. Furthermore, the stakeholders have indicated their appreciation of the two measures and the influence they have on value creation.

The researcher believes that the SI will be invaluable to the stakeholders in unlocking value from the integrated reports by providing information that is relevant and precise. Therefore, the stakeholder instrument will be influential in interrogating the integrated reports.

The results indicate that stakeholders view financial measures as the cornerstone of value creation. The stakeholders expect a very high level of transparency and accountability when analysing performance of an organisation. Therefore, the main purpose of the SI is to aid understanding of the contents of the integrated reports by empowering all stakeholders with credible and precise information.

The conclusions depicted that the SI is a vital document designed to add value to the current set of integrated reports. The researcher found evidence that supported the need to add a SI to the current set of integrated reports.

The researcher ignited discussions on stakeholder value creation and its exclusion from integrated reports. Thus, the purpose of the study was to improve the current form of the integrated reports by adding the SI to enhance communication and add value to stakeholders.

The SI is not a duplication of what the international integrated reporting framework and international financial reporting standards represent. The SI is an important input to the holistic reporting that captures the dreams and objectives of the stakeholders. Stakeholders are usually the victims of rogue management and poor business decisions made by people appointed to run the organisations.

The SI sought to address the stakeholder and management relationship. On the other hand, it sought to remind the stakeholder that they can empower themselves through critical analysis

of the integrated reports. The SI is the guide stakeholders need to navigate around the activities of organisations and familiarising themselves with decisions undertaken by management.

The researcher believe that the current reporting system is insufficient and requires additional scrutiny. The researcher believe that the addition of the stakeholder instrument will dovetail well with the objectives of the integrated reports. The stakeholder instrument should assist stakeholders with critical information such as the organisation's strategy, forecasts and any efforts by management of integrated thinking. The stakeholder instrument should further help stakeholders understand the state of the organisations in which they have interest. The stakeholders will have access to information that is salient, succinct, precise and meaningful information. Above all the benefits of stakeholder instrument, it is critical to understand that the stakeholder instrument should refine the decision making process for the stakeholders.

6.4 STUDY'S CONTRIBUTION TO NEW KNOWLEDGE

The results of this empirical study provide significant perceptions into the process of stakeholder value creation. Firstly, the study has established the significance of complementing the integrated reports to enable stakeholder value. Secondly, the research authenticated the stakeholder instrument as a predecessor of value creation. Thirdly, the study has illuminated the attributes that matter to the stakeholders and assist with effective decision-making and value creation.

In terms of novelty, the researcher is not aware of any studies readily available that address stakeholder value creation by connecting apparent stakeholder instrument (SI) dimensions (integrated reports, corporate governance, financial measures and non-financial measures) to value creation. Thus, the research can be measured as an original, innovative study that explores stakeholder value creation. More precisely, this study contributes to the existing body of knowledge in the value creation territory by making available scientifically tested understandings of both the integrated reports and the stakeholders. The researcher also maintains that the developed framework (SI) can be applied in stakeholder value creation studies in all organisations focused on producing meaningful and transparent information.

6.4.1 Implications on Theory

The theoretical implications of the study are as follows:

As stated by Lepak, Smith and Taylor (2007: 180-194) and Priem (2007: 219-235), value creation is a central theme in the field of strategic management. However, not enough empirical studies on value creation from stakeholders' perspective exist. Garriga (2014: 489-507) concurs that only a few studies have researched about value creation from a stakeholder perspective. Furthermore, Walsh (2005: 426-438) and Jones and Wicks (1999: 206-222) reiterate that research on value creation is recent and relatively limited. This study conceptualises stakeholder instrument as a predecessor of value creation. This implies that organisations have to be accountable and transparent for stakeholders to see value in integrated reports. Thus, this study argues that by developing a stakeholder instrument with value creation attributes, organisations can be accountable and transparent.

Stubbs and Higgins (2014) stipulate that integrated reporting has not encouraged developments in disclosure mechanisms. Thus, the study contributes to the existing body of knowledge within the integrated reporting space by providing some statistically tested insights into stakeholder value creation.

6.3.2 Implications on Policy and Practice

The accounting profession is under scrutiny from stakeholders. Over the past few years, the world has witnessed a degeneration of corporate governance systems, an elevation of corrupt incidences and the demise of organisations. However, the most concerning observations include the lack of trust between management and stakeholders. Negash (2009) stipulated that the high profile organisation failures and accounting scandals have led stakeholders to believe that there is a prevalent absence of accountability, transparency and a deterioration in ethics and morals of managers in organisations. On the other hand, IIRC (2013; 7-8) stipulates that the integrated report is a concise communication about an organisation's strategy, governance, performance and prospects.

Thus, this study's main objective was to establish whether the integrated reports create value for stakeholders. Based on the significant findings of the study, it can be argued that, the integrated reports require assistance in unlocking value for the stakeholders. Furthermore, management must consider stakeholders' role and work towards satisfying their needs. As elucidated by Spitzeck and Hansen (2010: 378-391) that no observed research has evaluated how stakeholder input is considered on the corporate level. This research gives insights into stakeholder needs. The research successfully links integrated report, corporate governance, financial and non-financial measures to value creation.

Therefore, looking at Integrated Reporting, key priorities that need to be worked on are:

- A need for International Integrated Reporting Committee to revisit the international integrated reporting framework and take charge of the transparency and accountability of the integrated reports to moderate the impairment arising from rogue accounting currently taking place in organisations.
- Lack of a comprehensible and strategic approach on the optimisation of capitals over time.
- An urgent need to address the reliability and completeness of the integrated reports.
- A pervasive lack of trust and assurance in the integrated reports that is destroying value for the stakeholders resulting in increased risk for stakeholders.
- A need for organisations to be transparent and accountable to its stakeholders to heighten assurance and reliance on the integrated reports.
- An honest stakeholder engagement by organisations on business activities, thus mitigating loss of trust.

Findings from the study indicated that the integrated report attribute is a significant covariate. Having a higher index value in terms of the integrated report attribute raises the index of value creation and that is highly significant. This implies that stakeholders expect the integrated reports to be easy to read and understandable to be meaningful. Therefore, it is of paramount importance that organisations maintain a high standard of integrity and consistency in their preparation and delivery of the integrated reports to stakeholders. The reliability of integrated

reports is achieved by showing respect and paying attention to all the stakeholders' needs regardless of their status.

Furthermore, the findings indicated that the integrated report should provide insights into the operations of the organisations and take into stakeholders' confidence the credibility of management. Considerations of the abovementioned will have a positive and favourable influence on the value creation of the organisation.

Findings from the study confirm that good corporate governance practices are an important input to attaining value creation goals. As depicted by the study, stakeholders believe that organisations can do more in terms of the way management relays information to them. The findings imply that organisations with good corporate governance practices tend to perform well in terms of value creation. Therefore, stakeholders believe that sound corporate governance principles influence value creation. Furthermore, stakeholders believe that for value creation, management should be able to reduce risk for both the organisation and the stakeholders.

On the other hand, the study confirmed that financial measures positively influence value creation of an organisation. Positive and significant correlation between financial measures and value creation indicate that stakeholders believe that the disclosure items of economic value analysis, risk and reward analysis, scenario planning, customer focus and human resources are critical in decision-making. Therefore, organisations should raise the perceptions of its stakeholders when presenting the integrated reports. Stakeholders are fully aware of the importance of the integrated reports, but they believe that there is more value in consolidating and depicting the most pertinent and relevant financial measures for value creation.

The findings indicated a strong relationship between non-financial measures and financial measures. As alluded to by Banker, Potter and Srinivasan (2000), that non-financial measures are better predictors of long-term financial performance than financial measures. Therefore, organisations are recommended to consider reporting on relevant non-financial measures when presenting the integrated reports.

6.5 LIMITATIONS

Firstly, despite the researcher's meticulous approach to ensuring a quality study with meaningful theoretical and managerial implications, it is vital to mention the limitations of this study. The present study only focused on organisations listed on the JSE. Furthermore, the study sample was from the organisations listed on JSE. This, however, excluded private organisations.

Secondly, to focus the study, not all variables that could influence value creation were considered.

Thirdly, unconscious misrepresentation on the questionnaires may have occurred with individuals being uncomfortable with disclosing certain information.

6.6 RECOMMENDATIONS FOR FURTHER RESEARCH

The study significantly contributes to the existing body of knowledge on how the stakeholder instrument complements the components of the integrated reports for value creation, accountability and transparency. Nonetheless, the researcher recommends that future studies should focus on:

- Integrating a qualitative approach to future research related to value creation. A qualitative approach can be useful in complementing the principles that guided this research.
- A study using a larger sample considering that this study was conducted using a conservative sample
- Interrogation of other variables that could influence value creation. This will enrich the current knowledge base with further understanding of stakeholders' value creation.
- Consider using longitudinal study to determine causal relationships between integrated reports and value creation using of longitudinal data.
- Developing a bigger scale study that includes organisations from different stock exchanges in the world. The researcher believes that the theoretical bases used for building the conceptual framework and the questionnaire are comprehensive in their scope. Thus, a similar questionnaire could be used to measure value creation process of any organisation.

7. REFERENCES

- Abeysekera, I. 2013. A template for integrated reporting, *Journal of Intellectual Capital* 14: 227–245
- Adams, C, Frost, G & Webber, W. 2004. *Triple bottom line: A review of the literature. Assessing the sustainability of business and CSR*. London: Earthscan:17-25.
- Adams, CA. 2017. Conceptualising the contemporary corporate value creation process, *Accounting, Auditing & Accountability Journal*, 30(4): 906-931
- Adler, PS. 2002. Corporate Scandals: It's Time for Reflection in Business Schools. *Academy of Management*. 16(3): 148-149
- Argandoña, A. 2012. Towards a new theory of the firm: Humanizing the firm and the management profession. Bilbao: Fundacion BBVA.
- American Accounting Association. Integrated Accounting Standards Committee. 2002. Recommendations on disclosure of non-integrated performance measures. *Accounting Horizons*, 16(4):353–362.
- American Institute of Certified Public Accountants (AICPA). 1994. *Improving business reporting – a customer focus*. New York: AICPA.
- Anderson, LNS. 1999. The importance of non-integrated performance measures in wine business strategy, *International Journal of Wine Marketing*, 11(3):9–19.
- Ansoff, H. I. 1965. *Corporate strategy: An analytic approach to business policy for growth and expansion*. New York: McGraw-Hill.
- Arsham, H. 2014. Time-critical decision making for business.
- Atkins, J & Maroun, W. 2015. Integrated reporting in South Africa in 2012. *Meditari Accountancy Research*, 23(2):197–221.
- Awotundum, DA, Kehinde, JS, & Somoye, ROC. 2011. Corporate governance and stakeholder interest: A case of Nigerian Banks. *International Journal of Business and Management* 10:102–112.
- Barnett, M.L. and Salomon, R.M. 2012. Does it pay to be really good? Addressing the shape of the relationship between social and financial performance, *Strategic Management Journal*, 33(11); 1304-1320.

- Banker, RD, Potter, G, & Srinivasan, D. 2000. An Empirical investigation of an incentive plan that includes non-integrated performance measures. *American Accounting Association*, 75(1):65–92.
- Barney, JB. 2001. Is the resource based view useful for strategic management research? Yes. *Academy of Management Review*, 26(1):41 –56.
- Beneish, MD & Vargus, M. 2002. Insider trading, earnings quality, and accrual mispricing. *The Accounting Review*, 774:755–791.
- Bender, R & Ward, K. 2009. *Corporate finance strategy*. 3rd edition. Burlington: Linacre House.
- Bird, F. 2001. Good governance: A philosophical discussion of the responsibilities and practices of organisational governance. *Canadian Journal of Administrative Science*, 18(4):298–312.
- Bontis, N. 1998. Intellectual capital: an exploratory study that develops measures and models. *Management Decision*, Vol. 36 No. 2, pp. 63-76.
- Bowman, E. 1984. Content analysis of annual reports for corporate strategy and risk. *Interfaces*, 14(3):61–71.
- Bowman, C & Ambrosini, V. 2010. How value is created, captured and destroyed. *European Business Review*, 22:5479–5495
- Buhr, N, Gray, R & Milne, MJ. 2014. Histories, rationales, voluntary standards and future prospects for sustainability reporting: CSR, GRI, IIRC and beyond. In *Sustainability Accounting and Accountability*, 2nd edition. Routledge, London:51-71
- Bhattacharya, U & Daouk, H. 2002. The world price of insider trading. *The Journal of the American Finance Association*, 57(1):75–108.
- Brigham, EF & Ehrhardt, MC. 2005. *Integrated management: Theory and practice*. 11th edition. Mason: South-Western.
- Brown, D, Dillard, J & Marshall, S. 2009. Triple bottom line: A business metaphor for a social construct. *Understanding the Social Dimension of Sustainability*. London: Routledge: 211–232.
- Brown, J., and Dillard, J. 2014. Integrated reporting: on the need for broadening out and opening up. *Accounting, Auditing & Accountability Journal* 27: 1120–1156.

- Bryman, A. and Bell, E. 2015. Business research methods, 4th edition. Oxford: Oxford, University Press.
- Bosse, AD, Phillips, RA & Harrison, JS. 2009. Stakeholders, reciprocity, and firm performance. *Strategic Management Journal*, 30(4):447–456.
- Carroll, AB & Näsi, J. 1997. Understanding stakeholder thinking: Themes from a Finnish conference. *Business Ethics: A European Review*, 6(1):46-51.
- Caruana, A. 1997. Corporate reputation: Concept measurement. *Journal of Product and Brand management* 6(2): 109-18.
- Cohen, DA, Dey, A & Lys, TZ. 2008. Real and accrual-based earnings management in the pre- and post-Sarbanes-Oxley Periods. *The Accounting Review*, 83(3):757–787.
- Colton, D. & Covert, R. W., 2007. *Designing and constructing instruments for social research and evaluation*, San Francisco: John Wiley & Sons Inc.
- Connell, C. M. 2007. Fritz Machlup's Methodology and The Theory of the Growth of the Firm. *Quarterly Journal of Austrian Economics*, 10: 300-312.
- Cornelissen, J. (2004). *Corporate Communications: Theory and Practice*, London: SAGE Publications Ltd.
- Coombs, WT. 2007. Protecting organization reputations during a crisis: the development and application of situational crisis communication theory. *Corporate Reputation Review*. 10(3): 163-176.
- Cooper, D.R. and Schindler, P.S. 2014. Business research methods. 12th ed. Boston: McGraw-Hill
- Cova, B, Ezan, P & Fuschillo, G. 2013. Consumer focus *French Review of Management* 34(234):115–133.
- Chermack, T.J. and Lynham, S.A. 2002. Definitions and outcome variables of scenario planning. *Human Resource Development Review*, (1)3, 366-383.
- Chermack, T.J. and Swanson, R.A. 2008. Scenario-planning: human resource development's strategic learning tool. *Advances in Developing Human Resources*, (10)2, 129-146.
- Cheng, M, Green, W, Conradie, P, Konishi, N & Romi, A. 2014. The international integrated reporting framework: Key issues and future research opportunities. *Journal of International Integrated Management & Accounting*, 25(1):90 –119.

- Chikweche, T. 2013. Marketing at the bottom of pyramid: market attractiveness and strategic requirements. *Marketing Intelligence & Planning*, 31(7): 764-787.
- Choi, J, J. and Sami, H. 2015. Corporate Transparency from the Global Perspective: A Conceptual Overview. *In Transparency and Governance in a Global World*. Published online: 3-7.
- CPA Australia, KPMG Australia and GRI Focal Point Australia 2014. *From tactical to strategic: how Australian businesses create value from sustainability*. GRI Focal Point Australia, Sydney.
- Creswell, JW. 1998. Qualitative inquiry and research design: Choosing among five traditions. Thousand Oaks: Sage Publications
- Dalli, MGD. 2014. Theory of value co-creation: A systematic literature review. *Managing Service Quality*, 24(6):643–683
- Dawkins, J & Lewis S. 2003. CSR in Stakeholder Expectations: And Their Implication for Company Strategy. *Journal of Business Ethics* 44: 185–193.
- DeBusk, GK, Killough, LN, & Brown, RM. 2015. Integrated measures bias in the use of performance measurement systems. *In Advances in Management Accounting*. Bingley: Emerald Group: 61–89
- DeGeorge, F, Patel, J & Zeckhauser, R. 1999. Earnings management to exceed thresholds. *The Journal of Business*, 72(1):1–33
- De Villiers, C, Rinaldi, L, & Unerman, J. 2014. Integrated reporting: Insights, gaps and an agenda for future research. *Accounting, Auditing & Accountability Journal*, 27(7):1042–1067.
- Dignam, A & Lowry, J. 2006. Corporate governance: corporate governance and corporate theory. *In Organisation Law, Core Text Series*. New York: Oxford University Press:350–70.
- Dobkowski-Joy, A. 2013. Integrated reporting: On-the-ground perspectives, [Powerpoint presentation]. Available at: <https://www.slideshare.net/FrameworkLLC/integrated-reporting-ontheground-perspectives> (Accessed 3/10/2017)
- Donaldson, T & Preston, LE. 1995. The stakeholder theory of the organisation: Concepts, evidence and implications. *Academy of Management Review*, 20(1):65–91

- Dumay, J, Bernardi, C, Guthrie, J & La Torre, M. 2017. Barriers to implementing the International Integrated Reporting Framework: A contemporary academic perspective. *Meditari Accountancy Research*, 25 (4): 461-480
- Duncan, N.E. and Wack, P. 1994. Scenarios designed to improve decision making. *Planning Review*, (22)4, 18-46.
- Du Plooy-Cilliers, F, Davies, C & Bezuidenhout, RM. 2015. Research matters. Lansdowne, 7779, Cape Town: Juta & Company Ltd.
- Du Toit, E, van Zyl, R & Schütte, G 2017. Integrated reporting by South African companies: a case study. *Meditari Accountancy Research*, 25 (4): 654-674
- Elkington, J. 1998. *Cannibals with forks: The triple bottom line of 21st century business*. Stony Creek: New Society Publishers.
- Elkington, J. 2004. *Enter the triple bottom line. Assessing the sustainability of business and CSR*. London: Earthscan.
- Evan, WM & Freeman, RE. 1988. A stakeholder theory of the modern organisation: Kantian capitalism. *Ethical Theory and Business*, 3:97–106.
- Haksever, C. Chaganti, R. and Cook, RG. 2004. A Model of Value Creation: Strategic View. *Journal of Business Ethics* 49, 291–305.
- Heitel, S. Kämpf-Dern A. Pfnür, A. 2015. Integration of stakeholder interests in housing companies' strategic management: A process model for more sustainable value creation. *Property Management*, 33(3), 224-244.
- Holian, M, J, and Reza, A, M. 2011. Firm and industry effects in accounting versus economic profit data. *Applied Economics Letters*, 527-529.
- Integrated Mail. 2014. Construction cartel Available at: www.fm.co.za (Accessed 14/1/2016).
- Integrated Results. 2015. *Components of integrated reporting*. Available from: www.integratedresults.co.za (Accessed 01/10/2015)
- Flower, J., 2015, The International Integrated Reporting Council: a story of failure. *Critical Perspectives on Accounting* 27: 1–17.
- Freeman, RE. 1984. *Strategic management: A stakeholder approach*. Boston: Pittman.
- Freeman, RE. 2010. Managing for stakeholders: Trade-offs or value creation. *Journal of Business Ethics*, 96:7–14.

- Freeman, RE & McVae, J. 2001. *A stakeholder approach to strategic management. Handbook of strategic management*. Oxford: Blackwell Publishing.
- Freeman, E, Harrison, JE, Wicks, A, Parmar, B & Colle, S. 2010. *Stakeholder theory: The state of art*. Cambridge: Cambridge University Press.
- Freeman, RE, Harrison, J & Wicks, A. 2007. *Managing for stakeholders. Survival, reputation, and success*. London: Yale University Press.
- Friedman, AL, & Miles, S. 2006. *Stakeholders: Theory and practice*. New York: Oxford University Press.
- Friedman, M. 1970. The social responsibility of business is to increase its profits. *The New York Times Magazine*, Sept 13.
- Garriga, E. 2014. Beyond stakeholder unity function: Stakeholder capability in the value creation process. *Journal of Bus Ethics*, 120:489–507
- Gitman, LJ, Juchau, R & Flanagan, J. 2015. *Principles of managerial finance*. Frenches Forest: Pearson Higher Education AU.
- Gouillart, FJ. 2014. The race to implement co-creation of value with stakeholders: five approaches to competitive advantage. *Strategy & Leadership*, 42(1): 2-8
- Gouws, DG & van der Poll, HM. 2004. The integrity of information created through book entries. *Meditari: Accountancy Research*, 121:101–117
- Grahama, JR, Harveya, CR & Rajgopal, S. 2005. The economic implications of corporate integrated reporting. *Journal of Accounting and Economics*, 40(1):3–73.
- Grönroos, C & Voima, P. 2013. Critical service logic: Making sense of value creation and co-creation, *Journal of the Academy of Marketing Science*, 41(2):133–150.
- Haksever, C, Chaganti, R and Cook, RG. 2004. A Model of Value Creation: Strategic View, *Journal of Business Ethics*, 49(3), 291-305
- Harkness, J. 1998. Communicating a stakeholder report, *Journal of Communication Management*, 2(3):264–267.
- Harrison, JS, Bosse, DA & Phillips, R.A. 2009. Managing for stakeholders, stakeholder utility functions and competitive advantage. *Strategic Management Journal*, 31(1):58–74.
- Harrison, JS, Bosse, DA & Phillips, RA. 2010. Managing for stakeholders, stakeholder utility functions and competitive advantage. *Strategic Management Journal*, 31(1):58–74.

- Harrison, JS & Freeman, RE. 1999. Stakeholders, social responsibility, and performance: Empirical evidence and theoretical perspectives. *Academy of Management Journal*, 42:479–485.
- Helm, S. 2007. One reputation or many? Comparing stakeholders' perceptions of corporate reputation. *Corporate Communications: An International Journal*, 12(3): 238-254.
- Hillman, AJ & Kein, GD. 2001. Shareholder value, stakeholder management, and social issues: What's the bottom line? *Strategic Management Journal*, 22:125–139.
- Hinings, CR & Greenwood, R. 2003. Disconnects and consequences in organisation theory. *Administrative Science Quarterly*, 47: 411–422.
- Hirsch, A, Burggraf, P & Daheim, C. 2013. Scenario planning with integrated quantification – managing uncertainty in corporate strategy building. *Foresight*, 15(5): 363-374.
- Holian, MJ & Reza, AM. 2011. Firm and industry effects in accounting versus economic profit data. *Applied Economics Letters*, 18(6): 527-529
- Hutt, RW. 2012. The extent and patterns of multi–stakeholder communications in annual report letters, *Corporate Communications: An International Journal*, 17(3):323–335.
- Hunt, L. 2016. Professional accountability articles discussing. *Professional Accountability' Viewpoint Ethics*, 6(4).
- International Integrated Reporting Council (IIRC). 2013. *The international <IR> framework*, [Online]. Available at: <https://integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf> (Accessed 1/10/2015).
- Institute of Directors in Southern Africa. 2009. *King code of governance for South Africa 2009*. Available at: <http://african.ipapercms.dk/IOD/KINGIII/kingIIIreport/> (Accessed 1/10/2015).
- Integrated Reporting Committee of South Africa (IRCSA) 2011. *Framework for integrated reporting and the integrated report*. Available at: www.sustainabilitysa.org (accessed on 5/10/2015).
- Ioannou, I. and Serafeim, G. 2015. The impact of corporate social responsibility on investment recommendations: analysts' perceptions and shifting institutional logics. *Strategic Management Journal*, 6(7): 1053-1081.

- Ittner, CD. & Larcker, DF. 1998. Innovations in performance measurement: Trends and research implications. *Journal of Management Accounting Research*, 10:205–238.
- Jagersma, PK. 2009. The strategic value of sustainable stakeholder management. *Business Strategy Series*, 10(6):339 – 344.
- Jahansoozi, J. 2006. Organization-stakeholder relationships: exploring trust and transparency. *Journal of Management Development*, (25)10: 942 – 955.
- Jensen, MC. 2002. Value maximization, stakeholder theory and the corporate objective function. *Business Ethics Quarterly*, 12(2):235–256.
- Jensen, MC. 2005. Value maximisation, stakeholder theory, and the corporate objective function. *Journal of Applied Corporate Finance*, 14(3):8–21.
- Johannesburg Securities Exchange (JSE) 2013. *JSE listing requirements*. Available at: www.jse.co.za/How-To-List/Listing-requirements/JSE-listing-requirements.aspx (Accessed on 1/10/2015).
- Jones, T & Wicks, A. 1999. Convergent stakeholder theory. *Academy of Management Review*, 24:206–222.
- Jones, TM. 1995. Instrumental stakeholder theory: A synthesis of ethics and economics. *Academy of Management Review*, 20(2):404–437.
- Jones, TM, Felps, W, & Bigley, GA. 2007. Ethical theory and stakeholder-related decisions: The role of stakeholder culture. *Academy of Management Review*, 32(1): 137–155.
- Kaplan, RS and Norton, DP. 1992. The balanced scorecard – measures that drive performance. *Harvard Business Review*, 70(1):71–79.
- Kaplan, R. & Norton, D. 1996. Using the balanced scorecard as a strategic management system. *Harvard Business Review*, January–February:75–85
- Key, S. 1999. Toward a new theory of the firm: A critique of stakeholder theory. *Management Decision*, 3(4):317–328.
- Kieso, DE, Weygandt, JJ & Warfield, TD. 2001. *Intermediate accounting*, 10th edition. New York: Wiley.
- Kimball, RC. 1998. Economic Profit and Performance Measurement in Banking. *New England Economic Review*. 1-19.

- King, ME. 2012. *Comments on integrated reporting and the integrated report*. Public Lecture, Johannesburg: International Corporate Governance.
- Kippenberger, T. 1996. Pitfalls in choosing non-integrated measures. *The Antidote*, 1(1):28–29.
- Kock, M and Smith, H. 2005. *Institutional sector classification guide for South Africa*. Pretoria: South African Reserve Bank.
- Koehler, I. & Raithel, S. 2018. Internal, external, and media stakeholders' evaluations during transgressions. *Corporate Communications: An International Journal*
- Kraaijenbrink, J & Spender, J, C. Theories of the Firm and Their Value Creation Assumptions. *SMS 31st Annual International Conference*, Miami, US
- Kraaijenbrink, J., Spender, J.C., & Groen, A. J. 2010. The Resource-Based View: A Review and Assessment of its Critiques. *Journal of Management*, 36 (1): 349-372.
- Oliver Koll, O. 2015. Stakeholder value creation and firm success: In Evaluating Marketing Actions and Outcomes. *Published online*; 141-262.
- Lander, GH & Auger, KA. 2008. The need for transparency in integrated reporting. *Journal of Accounting & Organisational Change*, 4(1):27–46.
- LaMorte, W. 2016. *Central limit theorem* Available at: http://sphweb.bumc.bu.edu/otlt/mph-modules/bs/bs704_probability/BS704_Probability12.html (Accessed 5/10/2017).
- Lambert, DM, Emmelhainz, MA. & Gardner, JT. 1996. Developing and implementing supply-chain partnerships. *The International Journal of Logistics Management*, 7(2): 1-18.
- Laplume, AO, Sonpar, K. & Litz, RA. 2008. Stakeholder theory: Reviewing a theory that moves us. *Journal of Management*, 34(6):1152–1189.
- Leedy, PD Ormrod, JE. 2010. *Practical research:planning and design* 9th edition. Upper Saddle River, NJ:Pearson.
- Leedy, PD and Ormrod, JE. 2015. *Practical research: Planning and design*. 11th Edition. Boston: Pearson.
- Lepak, DP, Smith, KG and Taylor, MS. 2007. Value creation and value capture: A multilevel perspective. *Academy of Management Review*, 32(1):180–194.

- Lerro, A. 2011. A stakeholder-based perspective in the value impact assessment of the project: Valuing intangible assets in Scottish renewable SMEs. *Measuring business excellence*, 15(3):3–15.
- Lewis, C. 2000. Advisory committees. *FDA Consumer*, 34(5):30–34.
- Lindfelt, LL and Törnroos,JA. (2006). Ethics and value creation in business research: comparing two approaches. *European Journal of Marketing*, 40(3/4): 328-351
- Lipe, MG, & Salterio.S. 2000. The balanced scorecard: Judgmental effects of common and unique performance measures. *The Accounting Review* (July): 283-298
- Low, J & Siesfeld, T. 1998. Measures that matter: Non-integrated performance. *Strategy & Leadership*, 26(2):24–38.
- Low, J. 2000. The value creation index. *Journal of Intellectual Capital*, 1(3): 252-262,
- Louw, A & Maroun, W. 2017. Independent monitoring and review functions in a integrated reporting context, *Meditari Accountancy Research*, 25(2):268–290.
- Lozano, J. 2005. Towards the relational organisation: from managing stakeholder relationships to building stakeholder relationships (waiting for Copernicus). *Corporate Governance*, 5(2): 60-77
- McGrath, K, S. and Whitty, S, J. 2018. Accountability and responsibility defined. *International Journal of Managing Projects in Business*, (11)3, 687-707
- Malaj, KA, Ndreca, P and Lleshi, KS. 2015. Corporate governance in transitional economies. The case of code of corporate governance. *Corporate Governance*, 7(30).
- Melancon, B. 2017. SA leads the world in adopting integrated reporting. *Accounting weekly*, www.accountingtoday.com/news/iirc-sees-global-progress-in-integrated-reporting accessed 07 June 2018 at 22:29
- Melloni, G. Caglio, A. and Perego, P. 2017. Saying more with less? Disclosure conciseness, completeness and balance in Integrated Reports. *J. Account. Public Policy* 36. 220–238.
- Manerikar, V. & Manerikar, S. 2015. Cronbach's alpha. *A peer review research journal; aWEshkar WeSchool*, 19(1): 117-119.
- Meulbroek, LK. 2012. An empirical analysis of illegal inside trading. *The Journal of the American Finance Association*, 47(5):1661–1699.

- Milne, MJ, Tregidga, H & Walton, S. 2009. Words not actions. The ideological role of sustainable development reporting. *Accounting, Auditing & Accountability Journal*, 22(8):1211–1257.
- Mirvis, PH & Googins, B. 2006, Stages of corporate citizenship. *California Management Review*, 48(2):104–126.
- Mitchell, RK, Agle, BR & Wood, DJ. 1997. Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22(4):853–886.
- Moller, KKE & Torronen, P. 2003. Business suppliers' value creation potential: A capability-based analysis. *Journal of Industrial Marketing Management*, 32(2):109–118.
- Morgan, D.L. 2007. Paradigms lost and pragmatism regained; Methodological implications of combining qualitative and quantitative methods. *Journal of Mixed Methods Research*, 1(1): 48-76
- Nahapiet, J & Ghoshal, S. 1998. Social capital, intellectual capital, and the organisational advantage, *Academy of Management Review*, 23(2):242–266.
- Nasi, J. 1995. *What is stakeholder thinking?* Jyvaskyla: Gummerus:19–32.
- Negash, M. 2009. Rethinking accountability and corporate reporting in South Africa. Available at: <http://webcache.googleusercontent.com/search?q=cache:QZ78ABSNeZYJ:hsf.org.za/resource-centre/focus/focus-60-january-2011-making-south-africa-work-rules-of-the-game/MNegash.pdf/download+&cd=1&hl=en&ct=clnk&gl=za> (accessed on 5/10/2017)
- Neville, BA & Menguc, B. 2006. Stakeholder multiplicity: Toward an understanding of the interactions between stakeholders. *Journal of Business Ethics*, 66:377–391.
- Neesham, C & Freeman, S. 2016. Value Creation as Business Commitment to Responsible Consumption. In *The Contribution of Love, and Hate, to Organizational Ethics*. Published online, 207-229.
- Nisbett, AV & Sheikh, A. 2007. Accounting scandals: Does rules vs principles matter? *Tennessee CPA Journal*, 10–12.
- Norman, R & Ramirez, R. 1993. From value chain to value constellation: Designing interactive strategy, *Harvard Business Review*, July–August: 65–77.

- Norton, D, Contrada, M & LoFrumento, T. 1997. *Case study: How Chase Manhattan bank uses the balanced scorecard*, *Bank Accounting and Finance*, 11:3-12.
- Odongo, NH & Wang, D. 2018. Corporate responsibility, ethics and accountability, *Social Responsibility Journal*, 14(1): 111-122
- Osborne, D. 2004. Transparency and accountability reconsidered. *Journal of Integrated Crime*, 11(3):292–300
- Parris, DL, Dapko, JL, Arnold, RW & Arnold, D. 2016. Exploring transparency: a new framework for responsible business management. *Management Decision*, 54(1): 222-247.
- Pfeffer, J. & Salancik, G.R. 1978. *The External Control of Organizations: A Resource Dependence Perspective*, Harper & Row, New York.
- Phillips, RA. 1997. Stakeholder Theory and A Principle of Fairness. *Business Ethics Quarterly*, 7(1): 55-66
- Prahalad, CK & Ramaswamy, V. 2000. Co-opting customer competence. *Harvard Business Review*, 78(1):79–90.
- Prahalad, CK & Ramaswamy, V. 2004. Co-creating unique value with customers, *Strategy & Leadership*, 32(3):4–9.
- Prahalad, CK & Ramaswamy, V. 2004. *The future of competition: Co-creating unique value with customers*. Boston: Harvard Business School Press
- Prahalad, CK & Ramaswamy, V. 2004. Co-creation experiences: The next practice in value creation. *Journal of Interactive Marketing*, 18(3):5-14
- Pretorius, D, Venter, E, Von Well, R & Wingard, C. 2006. *Integrated accounting and reporting practice*. Cape Town: LexisNexis Butterworths.
- Priem, RL. 2007. A consumer perspective creation. *Academy of Management Review*, 32(1): 219–235.
- Proimos, A. 2005. Strengthening corporate governance regulations, *Journal of Investment Compliance*, 6(4):75–84.
- Picardi, CA and Masick, KD. 2014. *Research methods: Designing and conducting research with a real world focus*. Thousand Oaks: Sage Publications.
- Porter, ME. 1985. *Competitive advantage*. New York: Free Press.

- Porter, ME. 1990. *The competitive advantage of nations*. Basingstoke: Macmillan
- Post, FGM. 1989. Beware of your Stakeholders. *Journal of Management Development*, 8(1): 28-35
- PwC. 2013. The value creation journey: A survey of JSE Top-40 organisations integrated reports. Available at: www.pwc.co.za/en_ZA/za/assets/pdf/integrated-reporting-august-2013.pdf (accessed on 10/10/2015).
- PwC. 2014. Value creation: *The journey continues. A survey of JSE Top-40 organisations' integrated reports*. Available at: www.pwc.co.za/en_ZA/za/assets/pdf/integratedreporting-survey-2014.pdf (accessed on 10/10/2015).
- Puttick, G & van Esch, S. 2003. *The principles and practice of auditing*. 8th edition. Cape Town: Juta & Co. Ltd.
- Puncheva-Michelotti, P & Michelotti, M. 2010. The role of the stakeholder perspective in measuring corporate reputation, *Marketing Intelligence & Planning*, 28(3): 249-274
- Ramirez, R. 1999. Value co-production: Intellectual origins and implications for practice and research. *Strategic Management Journal*, 20, 49-65.
- Rennie, MD, Kopp, LS & Lemon, WM. 2014. Auditor-client disagreements and independence: an exploratory field study. In *Research on Professional Responsibility and Ethics in Accounting*. Bingley: Emerald Group: 131-166.
- Rhenman, E & Stymne, B. 1965. *Corporate management in a changing world*. Stockholm: Aldus/Bonniers.
- Roberts, PW & Dowling, GR. 2002. Corporate reputation and sustained superior integrated performance. *Strategic Management Journal* 23(1): 1077-93.
- Roychowdhury, S. 2006. Earnings management through real activities manipulation. *Journal of Accounting and Economics* 42:335-370.
- Schiff AD & Hoffman LR. 1996. An exploration of the use of integrated and nonintegrated measures of performance by executives in a service firm. *Behavioral Research in Accounting*, 8:134-151.
- Skae FO. 2014. *Managerial finance*. 7th Edition. LexisNexis (Pty) Ltd. Johannesburg, Building No. 9, Harrowdene Office Park, 124 Western Service road, Woodmead, 2191.

- Spitzeck, H & Hansen, EG. 2010, Stakeholder governance: How stakeholders influence corporate decision making, *Corporate Governance: The international journal of business in society*, 10(4):378–391.
- Stanford Research Institute. 1982. *Changing images of man*. Menlo Park: Stanford.
- Saunders, M., Lewis, P. and Thornhill, A. 2016. *Research methods for business students*. 7th edition, Harlow: Pearson Education.
- Stent, W & Dowler, T. 2015. Early assessments of the gap between integrated reporting and current corporate reporting, *Meditari Accountancy Research*, 23(1): 92-117
- Steyn, BL, Warren, BO & Jonker, WD. 2001. *Fundamental aspects of integrated management*. Pretoria: Renall Publishers.
- Stivers, BP, Covin, TJ, Hall, NG & Smalt, S.W. 1998. How nonintegrated performance measures are used. *Management Accounting*, February: 44–49.
- Solomon, J & Maroun, W. 2012. *Integrated reporting: The new face of social, ethical and environmental reporting in South Africa?* London: The Association of Chartered Certified Accountants.
- Stubbs, W and Higgins, C. 2014. Integrated reporting and internal mechanisms of change. *Accounting, Auditing & Accountability Journal*, 27(7): 1068–1089.
- Sutton, B. 1993. *The legitimate organisation: Essential readings in business ethics and corporate governance*. Oxford: Blackwell.
- Talamo, G. 2011. Corporate governance and capital flows, *Corporate Governance: The International Journal of Business in Society*, 11(3): 228–243.
- Tulley, S. 1998. 'America's greatest wealth creators. *Fortune*, 193-6.
- Turnbull, S. 1994, Stakeholder democracy: Redesigning the governance of firms and bureaucracies, *Journal of Socio-Economics*, 23(3): 321–361.
- Van Bommel, K. 2014. Towards a legitimate compromise? An exploration of integrated reporting in the Netherlands, *Accounting, Auditing & Accountability Journal* 27: 1157–1189
- Varadarajan, R. 2018. Innovation, Innovation Strategy, and Strategic Innovation: In *Innovation and Strategy*. *Published online*: 143-166.

- Vargo, SL & Lusch, RF. 2004. Evolving to a new dominant logic for marketing. *Journal of Marketing*, 68(1):1–17.
- Vargo, SL & Lusch, RF. 2008. Service-dominant logic: Continuing the evolution. *Journal of the Academy of Marketing Science*, 36(1):1–10.
- Van der Vegt, G.S., Essens, P., Wahlström, M. & George, G. 2015. Managing risk and resilience, *Academy of Management Journal*, 58 (4): 971-980.
- Vanasco, R, R. 1996. Auditor independence: an international perspective. *Managerial Auditing Journal*, (11)9, 4-48.
- Vicari, S. 1991. *Living business*. Milano: Etas Libri.
- Vinten, G. 2000. The stakeholder manager. *Management Decision*, 38(6):377–383.
- Walsh, JP. 2005. Taking stock of stakeholder management. *Academy of Management Review*, 30(2):426–438.
- Weathington, B.L., Cunningham, C.J.L. & Pittenger, D.J. 2012. Understanding business research. New Jersey: John Wiley & Sons Inc.
- Wilburn, K. and Wilburn, H. 2011. Scenarios and strategic decision-making. *Journal of Management Policy & Practice*, (12)4, 164-178.
- Windsor, D. 2017. Value Creation Theory: Literature Review and Theory Assessment. In *Stakeholder Management. Published online*, 75-100.
- White, A.L. 2006. *The stakeholder fiduciary: CSR governance and the future of boards*. San Francisco: Business for Social Responsibility.
- White, AL. 2009. Democratizing the organisation. In *Humanism in Business*, Cambridge: Cambridge University Press: 229–247.
- Wicks, AC, Gilbert, DR, & Freeman, RE. 1994. A feminist reinterpretation of the stakeholder concept. *Business Ethics Quarterly*, 4(4):475–497.
- Whittington, G. Grout, P and Jewitt, I. 1995. Is total auditor independence a good thing? *Accountancy*, Vol. 115, 75.
- Whittington, G. 1999. Trust in integrated reporting. *Pacific Accounting Review*, 11(1/2):181–188.
- Yamagami, T and Kokubu, K. 1991. A note on corporate social disclosure in Japan. *Accounting, Auditing & Accountability Journal*, 4(4), 0–0.

Yonekura, A., Gallhofer, S., & Haslam, J. 2012. Accounting disclosure, corporate governance and the battle for markets: The case of trade negotiations between Japan and the US. *Critical Perspectives on Accounting*, 23(4): 312–331.

APPENDICES

APPENDIX A: QUESTIONNAIRE

SECTION 1 - DEMOGRAPHICS

Please indicate your answer by means of a cross (x) in the appropriate block.

Q1. Please indicate your stakeholder status.

Shareholder	
Customer	
supplier	
Management	
Employee	
Lender	
Investor Analyst	
Trade Union	
Government representative	
Environmentalism	
Other	

Q2. Please tick your appropriate sector.

Mining	
Construction and Engineering	
Manufacturing and General Trading	
Financial Services	
Information Technology, Telecommunications and Support services	

SECTIONS 2 to 6

The statements in the following sections of the questionnaire refer to the *integrated reports*, and will include perceptions or views on the integrated financial reports prepared by companies for their stakeholders.

The questionnaire is intended to ascertain whether the *integrated reports* are serving the purpose of communicating critical information to the stakeholders. Information that is value creating and transparent enough to help the stakeholders make informed decisions.

Indicate the extent to which you agree with the following statements by means of a cross (x) in the block that best represents your opinion.

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

Description		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
Section 2 – Integrated Reporting						
1	Integrated financial reports are easy to read, understandable and very helpful.					
2	Integrated financial reports provide insight into the operations and strategy of the business.					
3	Companies' objectives are clearly defined in the Integrated Financial Reports.					
4	Integrated financial reports depict the credibility of management.					
Section 3 – Corporate Governance						
5	Board Members must be appointed indefinitely.					
6	Top Management must be appointed for a defined period.					
7	Companies must invest more than 3% of its revenue in CSI or CSR.					
8	Top Management must be measured and incentivised according to their success in achieving strategic and corporate citizenry goals.					
Section 4 – Value Creation						
9	Companies must present both economic and accounting profits in the integrated financial reports					
10	Integrated Financial Reports are transparent and represent a fair and honest account of business operations and strategy implementation.					
11	Economic and accounting profits have equal weighting in determining value in business.					
12	Companies must disclose the book value per share including all leased assets (operating and financial leases) in the integrated financial reports.					
Section 5 – Financial Measures						
13	The age of the assets must be disclosed in the integrated financial reports.					
14	Off balance sheet assets must be disclosed in the integrated financial reports.					
15	Contingency liabilities' disclosure must include both probable and non-probable in the integrated financial statements.					
16	Companies must disclose their customers' days in the integrated financial reports.					
17	Companies must invest more than 1% of salaries and wages on employee training and development.					
18	Companies must disclose their staff turnover rate in the integrated financial reports.					
19	Companies must disclose the creditors' days in the integrated financial reports.					
20	Companies must show 3 possible outcomes of their strategy in the integrated financial reports.					
Section 6 – Non-Financial Measures						
21	Companies must disclose their price competitiveness in the integrated financial reports.					
22	Companies must disclose the amount of product or service reworks in the integrated financial reports.					
23	Companies must disclose a list of their major suppliers in the integrated financial reports.					
24	Companies must disclose average age of the relationships with major suppliers in the integrated financial reports.					
25	Companies must disclose the size of the market they operate in, in the integrated financial reports.					
26	Companies must disclose their market share in the integrated financial reports.					

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

27	Companies must disclose their employee satisfaction index in the integrated financial reports.					
28	Companies must disclose the number of new products or services introduced during the financial year.					
29	Companies must disclose the total costs for research and development in the integrated financial reports.					

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

APPENDIX B: STAKEHOLDER INSTRUMENT (SI)

	<u>DESCRIPTION</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>CG</u>	Leadership <i>Organisational Leadership period of service</i> <i>Corporate Social Responsibility / Investment</i> <i>Strategy development and Implementation</i>							
<u>VC</u>	Economic Value Analysis <i>Economic Value Added (EVA)</i> <i>Net Cash Flow Return on Investment (CFROI)</i> <i>Economic Profit</i> <i>Organisational Fundamental Value (Book Value)</i> <i>Organisational Intrinsic Value (Market Value)</i>							
<u>FM</u>	Risk and Reward Analysis <i>Average Age of Assets</i> <i>On Balance Sheet Assets</i> <i>Weighted Average Cost of Capital</i> <i>Gearing</i> <i>Working Capital</i> <i>Contingency Liability</i> <i>Owners' Net Worth</i> <i>Return On Equity</i>							
<u>NFM</u>	Market Attractiveness <i>Market Share</i> <i>Global footprints</i> <i>Market Growth (expectations)</i> <i>Profit Margins</i> <i>Competitiveness</i> <i>Size of the market</i>							
<u>FM</u>	Customer Focus <i>Customer satisfaction</i> <i>Product reworks</i> <i>Promotions and discounts granted</i> <i>Customer days</i>							
<u>FM</u>	Supplier Focus <i>Supplier days</i> <i>Promotions and discounts received</i>							

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

	<p style="text-align: center;"><i>Average age of the relationship</i> <i>Quality of products or services provided</i></p>							
<u>NFM</u>	<p>Human Resources</p> <p style="text-align: center;"><i>Employee Education</i> <i>Employee Training and Development</i> <i>Employee well being and satisfaction</i> <i>Staff turnover</i></p>							
<u>NFM</u>	<p>Innovation Focus</p> <p style="text-align: center;"><i>Ratio of New Products to Other Products</i> <i>Number of current product upgrades</i> <i>Research and Development</i></p>							
<u>FM</u>	<p>Scenario Planning</p> <p style="text-align: center;"><i>Fairly Certain (probability of 1.0)</i> <i>Moderate (probability of 0.8)</i> <i>Risky (probability of 0.6)</i></p>							

APPENDIX C: ETHICS CLEARANCE LETTER

Graduate School of Business Leadership, University of South Africa, PO Box 392, Unisa, 0003, South Africa
Cnr Janadel and Alexandra Avenues, Midrand, 1685, Tel: +27 11 652 0000, Fax: +27 11 652 0299
E-mail: sbl@unisa.ac.za Website: www.unisa.ac.za/sbl

SCHOOL OF BUSINESS LEADERSHIP RESEARCH ETHICS REVIEW COMMITTEE (GSBL CRERC)

19 August 2016

Dear Mr Chabuda

Decision: Ethics Approval

Ref #: 2016_SBL/DBL_014_FA

Name of applicant: Mr ND
Chabuda

Student #: 72225319

Student: Mr ND Chabuda, nchabuda@gmail.com, 082 755 7305

Supervisor: Prof J Kruger, krugejw@unisa.ac.za, 011 652 0369

Project Title: Developing a stakeholder's instrument to complement the components of financial statements as a measure of value creation, accountability and transparency.

Qualification: Doctorate in Business Leadership (DBL)

Thank you for applying for research ethics clearance, SBL Research Ethics Review Committee reviewed your application in compliance with the Unisa Policy on Research Ethics.

Outcome of the SBL Research Committee:

Approval is granted for the duration of the first phase of the Project

The application was reviewed in compliance with the Unisa Policy on Research Ethics by the SBL Research Ethics Review Committee on the 18/08/2016.

The proposed research may now commence with the proviso that:

- 1) The researcher/s will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
- 2) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the SBL Research Ethics Review Committee.



- 3) An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the study-related risks for the research participants.
- 4) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

Kind regards,

A handwritten signature in black ink, appearing to read 'R Ramphal'.

Prof R Ramphal

18/08/2016

Chairperson: SBL Research Ethics Committee

011 - 652 0363 or ramphrr@unisa.ac.za

A handwritten signature in black ink, appearing to read 'R Mokate'.

Dr R Mokate

CEO and Executive Director: Graduate School of Business Leadership

011- 652 0256/mokatrd@unisa.ac.za

APPENDIX D: 5TH INTERNATIONAL CONFERENCE ON BUSINESS AND BANKING



5th INTERNATIONAL CONFERENCE ON BUSINESS AND BANKING (ICBB)
Denpasar, Bali-Indonesia 2-3 August 2018

LIST OF ACCEPTANCE PAPER FOR PRESENTATION IN THE 5TH ICBB, 2018

No	Code Number	Name of Authors
1	101.00	Tijjani Habibu Ahmad
2	101.01	Rita Sugiarti, Ancella Anitawati Hermawan
3	101.02	Alfiana Fitri; Husnunnida Maharani
4	102.00	Jan Walters Kruger; Ngoni Dzashe Chabuda ✓
5	103.00	Achmad Januar Irwan; A. A. Gde Satia utama
6	103.01	I Made Narsa; Niluh Putu Dian Rosalina H. N
7	103.02	Etty Indriani; Nugroho Wisnu Murti
8	107.00	Dewi Pudji Rahayu; Abdul Hofir
9	201.00	Benny Budiawan Tjandrasa
10	201.01	Herman Karamoy; Hizkia H.D. Tasik
11	201.02	N Purnomolastu; Werner Ria Murhadi; Ratna Widyanti W
12	201.03	Aria Farah Mita; Harry Ferdinand Silalahi; Alin Halimatussadiah
13	201.04	Siti Komariyah; Fitri Rusdianasari; Ati Musaiyaroh

APPENDIX E: INTER4C CONFERENCE PAPER

On Saturday, October 7, 2017, 6:05:28 PM GMT+2, The Inter4C 2016 <inter4c@gmail.com> wrote:

Dear Ngoni Chabuda (first author), Jan Kruger,

After a rigorous review, with pleasure we would like to inform you that your paper with ID/Title:

106 Stakeholder Instrument (SI) to complement the Integrated Financial Report for value creation, accountability and transparency

is accepted to be presented and published in The 2nd International Conference on Contemporary eEconomics and finanCial governanCe 2017 (The Inter4C 2017) which will be held at the Ambarukmo Hotel, Yogyakarta Indonesia, during 16 - 17 December 2017.

The Publication of Inter4C 2017 is in Far East Journal of Mathematical Sciences (FJMS) – ISSN 0972 - 0871.

The blind review process already taken from three reviewers and the result attached with this email. You have to revise your paper aligned with the review result.

Please send these documents to inter4c@gmail.com on the latest 13 October 2017.

1. The Revised Full Paper that will be published in IFar East Journal of Mathematical Sciences (FJMS) – ISSN 0972 - 0871. Please download the template from http://www.pphmj.com/index.php?act=download_template&jr_id=33
2. The copyright form that may download from http://inter4c.org/Inter4C2017_copyright_form.pdf
3. The registration form in pdf format. Please download the registration form from http://inter4c.org/Inter4C2017_Registration_Form.pdf
4. The scan proof of payment in pdf format. Please detail of payment on the registration form.
5. The report on how do you revised your paper aligned with reviewer comments in txt format.
6. Please provide Plagiarism Checker using either CrossCheck<http://www.crossref.org/crosscheck/index.html> or Turnitin<http://turnitin.com/> or <http://smallseotools.com/plagiarism-checker/> onto your Revised Full Paper and send the report as well.

Please email us if you have any questions relate with Inter4C 2017.

APPENDIX F: 5TH INTERNATIONAL CONFERENCE ON INTERDISCIPLINARY RESEARCH METHODOLOGY AND INNOVATION



5th International Conference on Interdisciplinary
Research Methodology and Innovation, Kuala Lumpur,
Malaysia

November 14-15, 2017

October 26, 2017

Primary Author: Mr. Ngoni Dzasha Chabuda

Affiliation: UNISA Graduate School of Business Leadership, South Africa

Email Address: nchabuda@gmail.com

Paper ID: MY-117-105

Paper Title: Financial and Non-Financial Measures: Mainstays of Stakeholder Value Creation

Dear Mr. Ngoni Dzasha Chabuda

Congratulations! Your manuscript, "Financial and Non-Financial Measures: Mainstays of Stakeholder Value Creation", has been accepted for inclusion in the IRMI-2017 Symposium. The Conference will be held in The Federal Kuala Lumpur, Malaysia on November 14-15, 2017. Your paper will be included in the conference proceeding with ISBN: 978-969-683-772-5 provided in a USB and online publication on the website.

You are requested to improve your research in view of reviewers feedback provided with this acceptance letter. As a presenter you are requested to bring your power point presentation Slides with you on the day of conference. You are advised to submit your improved / proof edited version of full paper to us at least one week before the conference so that it can be included in full paper conference proceeding. Please make sure to pay the registration fee and send us the payment proof as soon as possible. Your registration will only be confirmed after receiving the fee payment proof from your side. For details of registration please visit at <http://irmiversity.org/irmiconf2017/>. In case your paper is multi-authored, each attending author have to register separately and pay the registration fee for the conference.

Please note that securing visa is the responsibility of the individual author (s). Upon registration we can provide you invitation /guarantee letter however it is solely based on discretion of the respective embassy to grant your visa. We can only request the embassy to facilitate your application for this purpose.

Looking forward to welcome you in Kuala Lumpur, Malaysia on conference day. Thank you for participating in the International Conference on "International Conference on Interdisciplinary Research Methodology and Innovation"- IRMI-2017 Kuala Lumpur, Malaysia. Should you require any further assistance, please contact the conference secretariat at: ml17@irmiversity.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Yi Jie Hsin'.

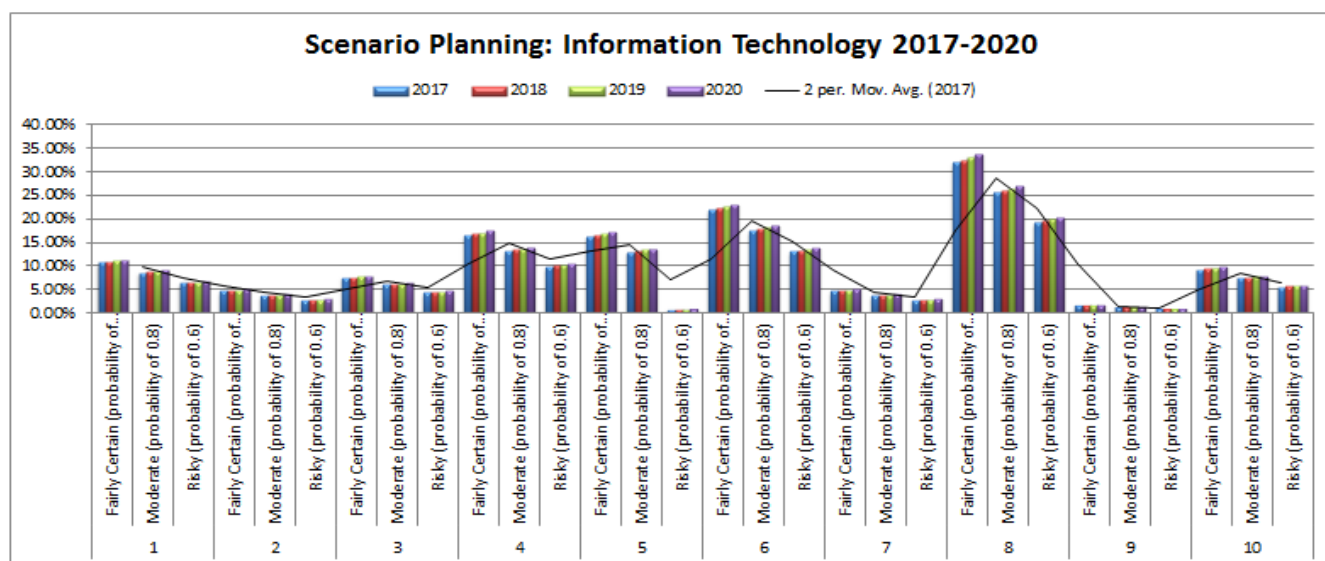
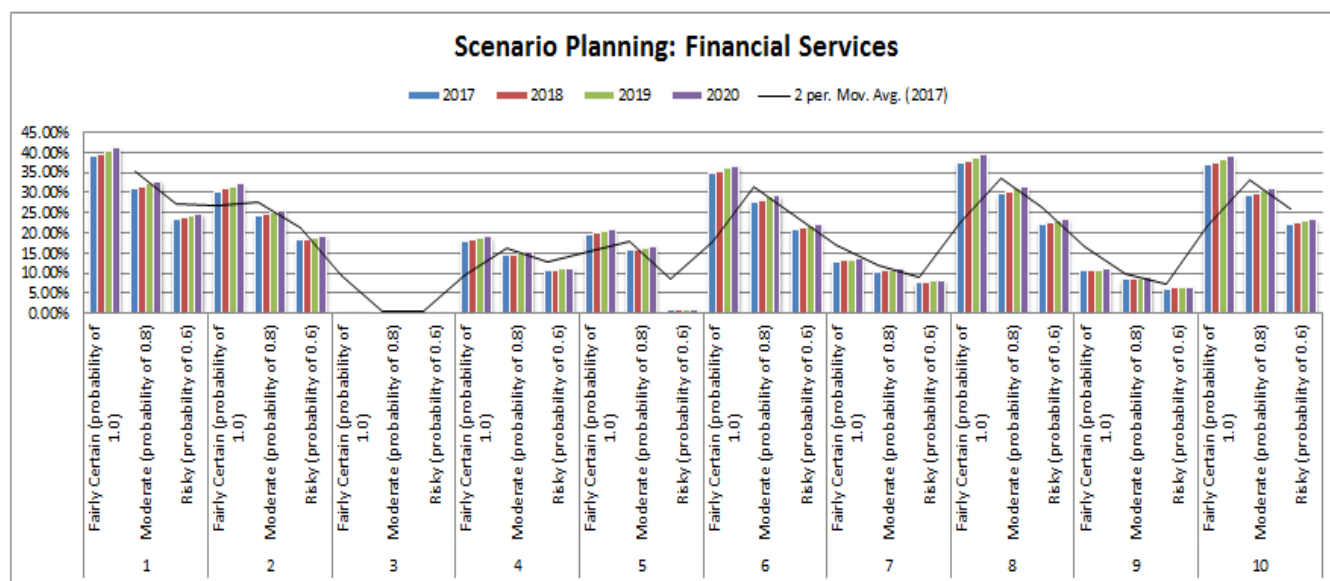
Mr. Yi Jie Hsin

Conference Executive

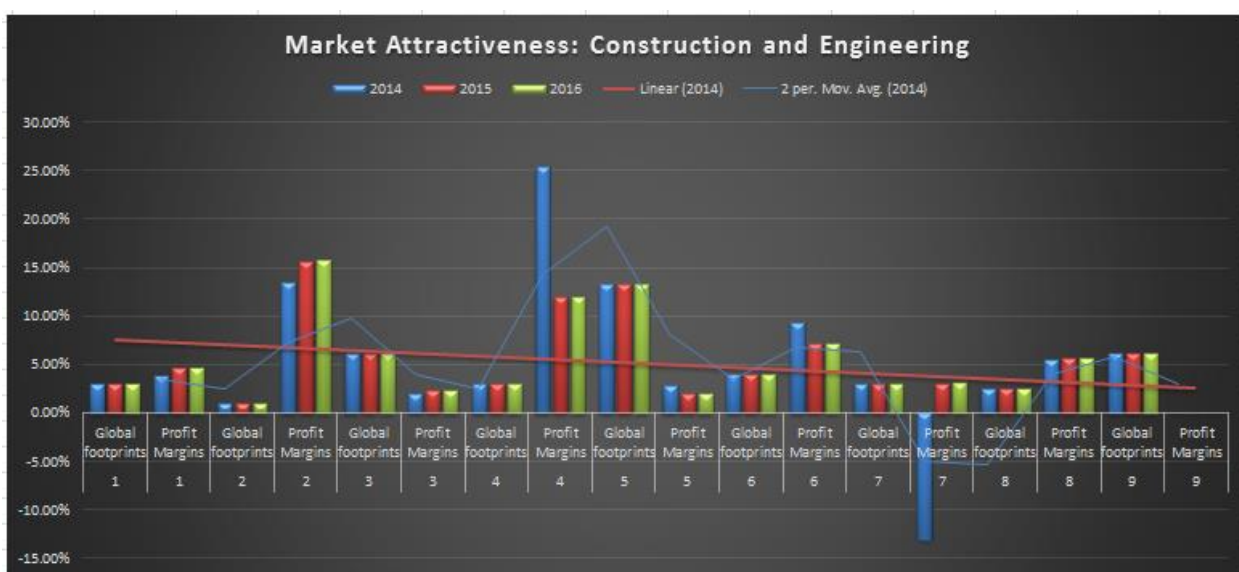
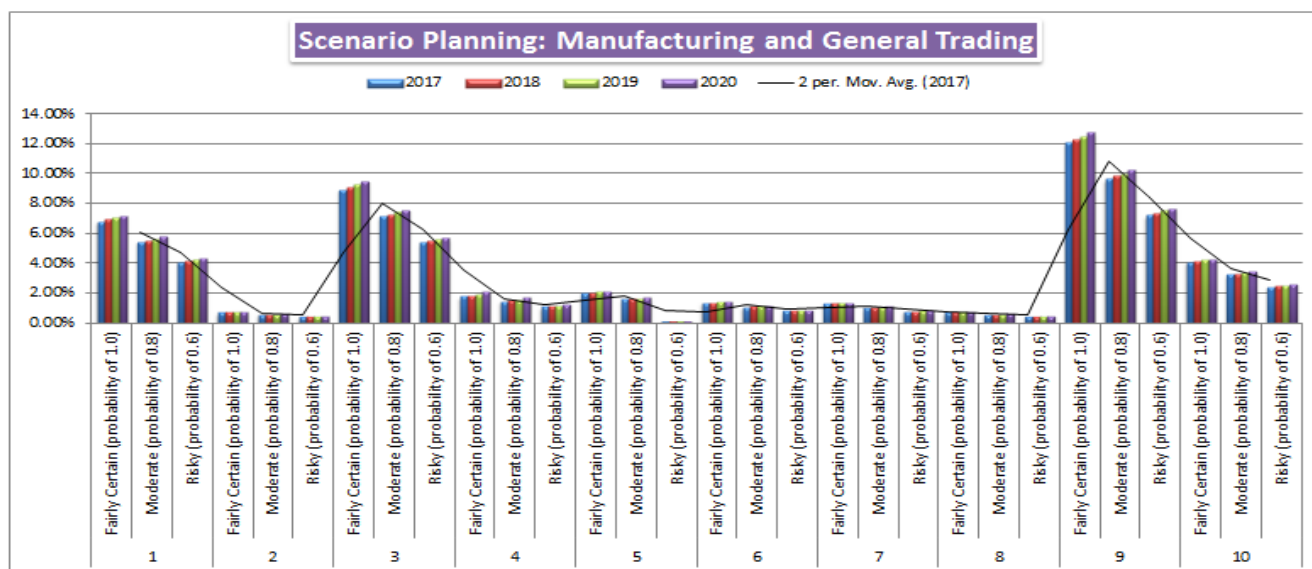
Email: ml17@irmiversity.org



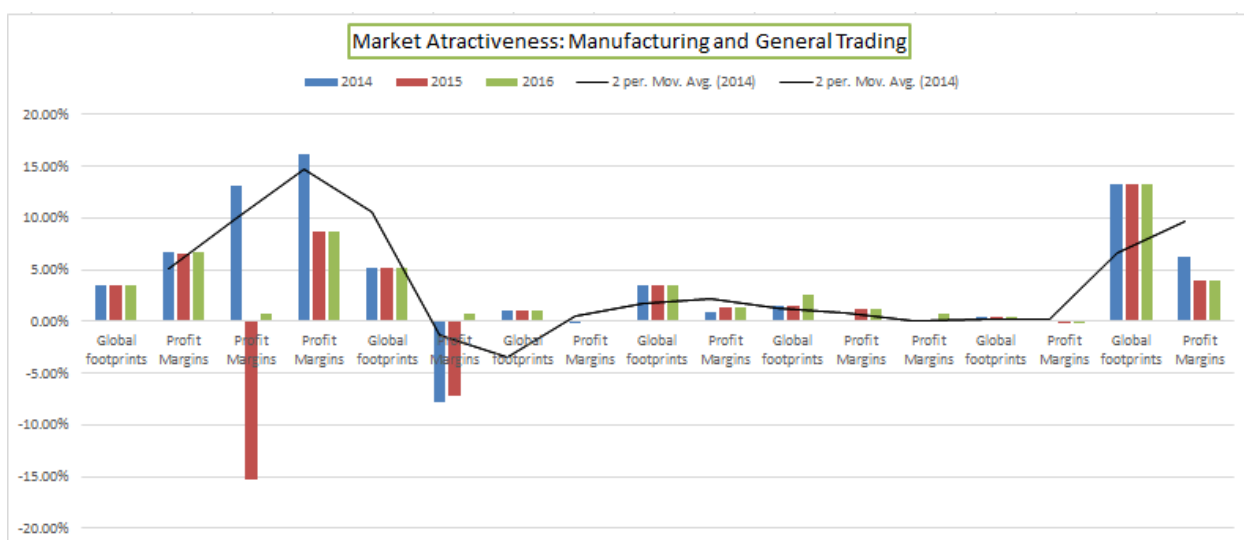
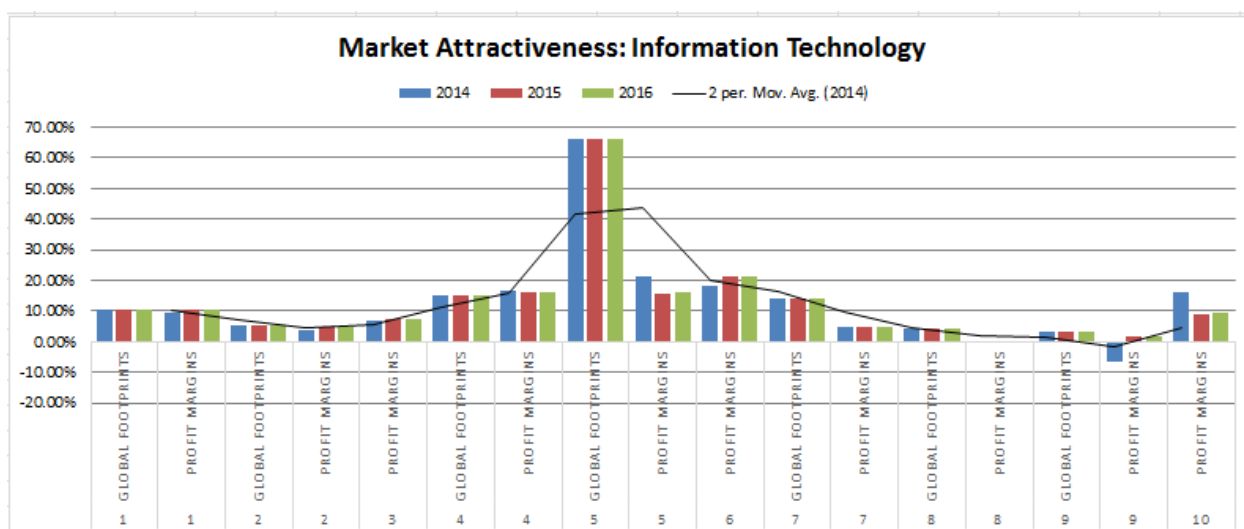
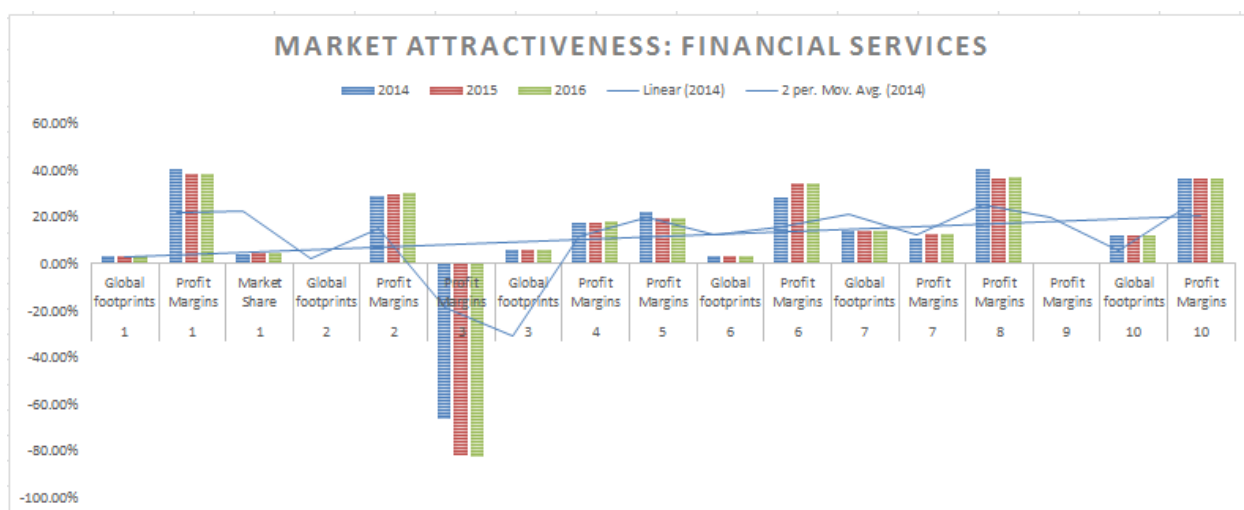
APPENDIX G: DOCUMENTARY DATA ANALYTICS



STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE CREATION, ACCOUNTABILITY AND TRANSPARENCY



STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE CREATION, ACCOUNTABILITY AND TRANSPARENCY



STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE CREATION, ACCOUNTABILITY AND TRANSPARENCY



APPENDIX H: PROFESSIONAL EDIT



Blue Diamonds Professional Services (Pty) Ltd

Enhancing your brilliance

Tel: 031 916 1420

Fax: 086 627 7766 Email: jaybee@telkomsa.net

Website: www.jaybee9.wix.com/bluediamondsed

11 November 2017

Declaration of professional edit

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS AS A
MEASURE OF VALUE CREATION, ACCOUNTABILITY AND TRANSPARENCY

By

NGONI DZASHE CHABUDA

I declare that I have edited and proofread this thesis. My involvement was restricted to language usage and spelling, completeness and consistency, referencing style and formatting of headings, captions and Tables of Contents. I did no structural re-writing of the content.

I am qualified to have done such editing, being in possession of a Bachelor's degree with a major in English, having taught English to matriculation, and having a Certificate in Copy Editing from the University of Cape Town. I have edited more than 100 Masters and Doctoral theses, as well as articles, books and reports.

Sincerely,



Dr Jacqueline Baumgardt
Member, Professional Editors Guild

Blue Diamonds Professional Services (Pty) Ltd (Registration Number 2014/092365/07)
Sole Director: J Baumgardt

STAKEHOLDER INSTRUMENT TO COMPLEMENT THE COMPONENTS OF INTEGRATED REPORTS FOR VALUE
CREATION, ACCOUNTABILITY AND TRANSPARENCY

Turnitin Originality Report

Processed on: 14-Nov-2018 16:30 SAST
ID: 1038863886
Word Count: 27534
Submitted: 1

Final 1 By Ngoni Dzashe CHABUDA

Similarity Index		Similarity by Source	
20%		Internet Sources:	12%
		Publications:	14%
		Student Papers:	12%